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On Eve of GATT Talks, a Whiff of Agreement

By Tom Buerkle
International Herald Tribune
GENEVA — After seven long years of negotiations to open markets with a new global trade agreement, the scent of a deal is in the air at the home of the talks here.

Meetings between U.S. and European Community officials late last week aimed at settling deep differences over farm trade have raised hopes of a solution when Sir Leon Brittan, the EC trade commissioner, goes to Washington for talks with the U.S. trade representative, Mickey Kantor, on Monday and Tuesday.

But both sides cautioned against expecting an immediate breakthrough on agriculture or other politically charged issues that threaten to block a trade deal, including Europe's demands to protect its movie industry and Washington's reluctance to ease its grip on trade weapons such as anti-dumping actions.

In Europe, meanwhile, Prime Minister Edouard Balladur said that France would not sign a trade deal without U.S. concessions on agriculture and movies while the chief EC negotiator in the talks, Hugo Paemen, was confidently predicting an agreement.

Clinton Cites Talks As Positive, but Divisions Remain

Pacific Leaders Make Little Headway On Arms and Human Rights Issues

By Paul F. Horvitz
International Herald Tribune
SEATTLE — The leaders of 14 Pacific Rim nations began their long flights home Sunday after turning a potentially historic new page in their economic relations, dedicating themselves to a long-term goal of free trade and praising their meeting as a step toward broader cooperation.

Pacific and at one point, in teasing his guests, declared, "A new era has dawned."

In the leaders' meeting Saturday on the tiny Blake Island, in Seattle's Puget Sound, President Kim Young Sam of South Korea told his colleagues of the Korean saying "Shijogji hon-ida," which he translated as: "To begin is to have finished half the job."

Many of the leaders who came to Seattle for meetings of the 17-member Asia-Pacific Economic Cooperation forum, including Mr. Jiang and Japan's prime minister, Morihiro Hosokawa, treated the outcome a bit more soberly, as a beginning on a long road toward freer and more open regional trade.

The leaders set no timetables for progress, reflecting clear differences over the pace at which regional integration should be pursued and whether its fledgling mechanism, APEC, should be more structured or retain its loose, consultative quality. There was little public discussion of ways to bring down the many trade barriers that remain in the region, including those of the United States.

"There is clear consensus that we should move in a market-opening direction," Mr. MacLeod said, "but there is still a great difference between members."

"Ten years from now people will look back on this meeting as very historic," he said. "The message again is: We want this community to be united, not divided; open, not closed."

"A start has been made," Prime Minister Paul Keating of Australia was quoted as saying that the meeting had "diminished fears some countries might have had about the United States and its motives."

Some officials minced no words. China's president, Jiang Zemin, delivered a "vivid" 15-minute lecture to the Americans on the sanctity of a nation's internal affairs, an American official reported. And the U.S. trade representative, Mickey Kantor, declared that China's nearly \$20 billion trade deficit with the United States was "unacceptable."

There is clear consensus that we should move in a market-opening direction," Mr. MacLeod said, "but there is still a great difference between members."

Mr. Clinton repeatedly stressed U.S. resolve to pursue economic ties actively throughout the

in the private leaders' meeting, Prime Minister Goh Chok Tong of Singapore reportedly

No Missteps for President, But No Clear Gains Either

By R. W. Apple Jr.
New York Times Service
SEATTLE — If Harry S. Truman was the midwife who attended the birth of new Atlantic institutions like NATO in the years after victory in World War II, President Bill Clinton pictures himself as the godfather of new linkages in the Pacific in the aftermath of the Cold War.

troubled relationship between Beijing and Washington. Mr. Clinton is touchingly ardent in his efforts to get along with the nation he described here as "home to one of every five people who live on this planet, and the world's fastest-growing major economy."

But in the last half-century, Asia has usually been more intractable for the United States than Europe, and last week's pioneering summit meeting of Pacific Rim leaders showed that shaping its future remains difficult.

He sees trade with China as a magic elixir that can cure many of the ills of the American economy.

Mr. Clinton did not stumble here at the Asia-Pacific Economic Cooperation forum. It was no piddling achievement merely to get the leaders of Indonesia, Taiwan, China, South Korea and other nations together — something that could probably not have been accomplished as recently as two years ago. In that sense, as Robert E. Rubin, one of the president's top economic advisers, put it last week, "The meeting is the message."

But China gave no ground at all on human rights. It provided no fig leaf to cover Mr. Clinton's nakedness before those in the United States who demand concessions as the price of trade benefits. Indeed, at a news briefing during the talks, Qian Qichen, the Chinese foreign minister, stonewalled like a Soviet spokesman in the Brezhnev era. Regarding several of Mr. Clinton's proposed human-rights reforms, he said there had been no discussion at all and no need for any, because China's policies were immutable.

Meeting now and agreeing to meet again suggests the power of the social and economic forces propelling very different societies toward closer association," said Michel Okseberg, president of the East-West Center in Honolulu.

It may be true, as Mr. Clinton hinted, that this was just posturing, Chinese-style, for consumption at home. It may be that with the country's senior leader, Deng Xiaoping, in deteriorating health, and the jostling for succession well under way, no one official can make a commitment, and President Jiang Zemin acted here more as a conduit to his colleagues in Beijing than a decision-maker.

"Those forces are much greater than most of us understand, but it is still very hard to elicit a definitive response from most of these governments and therefore very hard to record measurable progress."

If so, the real result of the talks between Mr. Jiang and Mr. Clinton, the most significant contact between the two countries since the democracy crackdown of 1989, may not be known for several days or several weeks. Mr. Jiang told a group of visiting Americans in

Nowhere is this more apparent than in the

See CLINTON, Page 4

Japanese-American, 11: Where Does She Belong?

By T. R. Reid
Washington Post Service
TOKYO — A custody fight over an 11-year-old girl claimed by her American father and Japanese mother has turned into a four-year, trans-Pacific tug of war in which the judicial rhetoric from the American and Japanese courts has become nasty.

The latest Tokyo ruling means that the fifth-grader will remain in her Tokyo school, at least for the time being. The next stop for the father would be an appeal to Japan's Supreme Court, a process that frequently takes more years than Naomi has left in school.

At the center of the dispute is Naomi, who was born in San Antonio and educated through second grade in an American school but who has lived with her mother in Tokyo and has gone to Japanese schools since 1989.

For Americans, custody cases are not unusual. But in Japan, the divorce rate is less than one-third of America's and couples with children rarely split up. Accordingly, the dispute over Naomi's future has become a matter of considerable attention here.

The legal dispute is at a stalemate: A Texas court has ordered that Naomi be returned to Texas, but last Monday the Tokyo High Court ruled that the mother could keep Naomi in Tokyo.

"We don't think there has been another case like it, with two different rulings in different countries," said the mother's lawyer, Masaki Yamada.

As the legal war rages, the judicial rhetoric is growing bitter. The family court in Bexar County, Texas, gave custody to the father on the basis of testimony that Japanese schools are so "full of bias" toward mixed-race children that Naomi would be "hammered down."

The father changes jobs frequently," the court's opinion said. It went on to note that he has had bad relations with his parents — a particularly biting criticism in this Confucian, honor-ty-father society. He has been obeyed in Japan.

Last week, the Tokyo court responded, saying the Texas court's ruling was "the product of mindless prejudice" and was not to be obeyed in Japan.

See CUSTODY, Page 4



Some of the Asia-Pacific officials during a break in their meeting at an Indian loungehouse on an island near Seattle. They are, from left, Mr. Bolger of New Zealand, Mr. Suharto of Indonesia, Mr. Goh of Singapore, Mr. Ramos of the Philippines, Mr. Clinton, Mr. Siew of Taiwan, Mr. Hosokawa of Japan, and Mr. MacLeod of Hong Kong.

Chinese Stick to Their Hard-Line Ways

By Daniel Williams
Washington Post Service
SEATTLE — In his face-to-face meeting with President Bill Clinton, President Jiang Zemin of China listened stiffly as the American leader presented Washington's demands for improvements in human rights.

officials, for example, accused the Dalai Lama, a Nobel Peace Prize laureate, of fashioining cups out of human skulls.

Mr. Clinton did not take up the offer. As a participant to the Asia-Pacific Economic Cooperation forum, Mr. Jiang, perhaps more than most of the visitors, had to take care to play for a particular home audience. Mr. Jiang is a candidate to succeed the ailing Deng Xiaoping as China's paramount leader, and his performance was undoubtedly watched closely by kingmakers in the Communist Party and army.

The visit of Mr. Jiang to the United States was marked by a no-apology, little-give attitude tempered by public relations efforts to soften China's image.

As one point Mr. Clinton pressed for cultural and religious freedoms in Tibet and for China to open talks with the Dalai Lama, the exiled Tibetan leader.

American officials got the impression that Mr. Jiang had little room for maneuver on the issues of conflict between Washington and Beijing: the spread of arms as well as human rights and trade.

Chinese statements alternated between the high road of futuristic descriptions of the 21st century to defamations of adversaries. Chinese

Mr. Jiang responded with a rare improvisation.

Mr. Clinton repeatedly stressed U.S. resolve to pursue economic ties actively throughout the

Senate Vote Is Watershed In U.S. Gun-Control Debate

By William J. Eaton and Michael Ross
Los Angeles Times Service

cities of our country the actual means to reduce the crime rate?]

WASHINGTON — In a remarkable end-of-session turnabout, the Senate has rescinded the Brady gun-control bill from legislative limbo and has approved the measure, which establishes a five-day waiting period for the purchase of handguns.

On final passage Saturday, 16 Republicans joined 47 Democrats in favor of the bill, with 28 Republicans and 8 Democrats voting against it. Resurrection of the bill was more surprising since it was considered dead for this year when its advocates failed twice Friday to get the 60 votes needed to shut off debate.

The 63-to-36 vote came after Republican opponents, apparently feeling political heat, abandoned their filibuster tactics and allowed the gun-control measure to come to a vote without changes that they had insisted were nonnegotiable.

The bill now goes to a conference committee to be reconciled with a version passed by the House. Senator Joseph R. Biden Jr., Democrat of Delaware, who will help shepherd the bill through the committee, said the panel would act "very quickly." Lawmakers adjourn for the year early this week.

(President Bill Clinton said he was delighted that the handgun bill had been resurrected, Reuters reported. "I've got to give the Senate and the House credit. They passed the Brady bill, they passed a crime bill that will give the

The Senate action appeared to set a landmark in the national debate over gun control. The Brady bill was by far the best-known proposal for new federal restrictions on gun ownership.

Restructuring Shakes the PLO As It Prepares for New Tasks

By Youssef M. Ibrahim
New York Times Service

trolled by the PLO chairman, Yasser Arafat, have unleashed a stream of protests.

TUNIS — Struggling to transform itself from a revolutionary movement in exile to a state bureaucracy, the Palestine Liberation Organization is being restructured as it prepares to take over the Israeli-occupied Gaza Strip and the West Bank town of Jericho in about a month.

The crisis has acquired a particularly sharp edge as Mr. Arafat forges ahead with what is still a secret plan to reshape his movement's top command.

The strains of this metamorphosis and the financial crisis that has crippled the PLO in the last three years have shaken its vast establishment of guerrillas, political factions, diplomats and staff.

It is increasingly obvious that he is moving steadily to eliminate most of the old guard who for years appeared to be the makers of Palestinian destiny. Instead he is introducing a new generation of little-known campaigners and technocrats from within the organization and the Israeli-occupied territories.

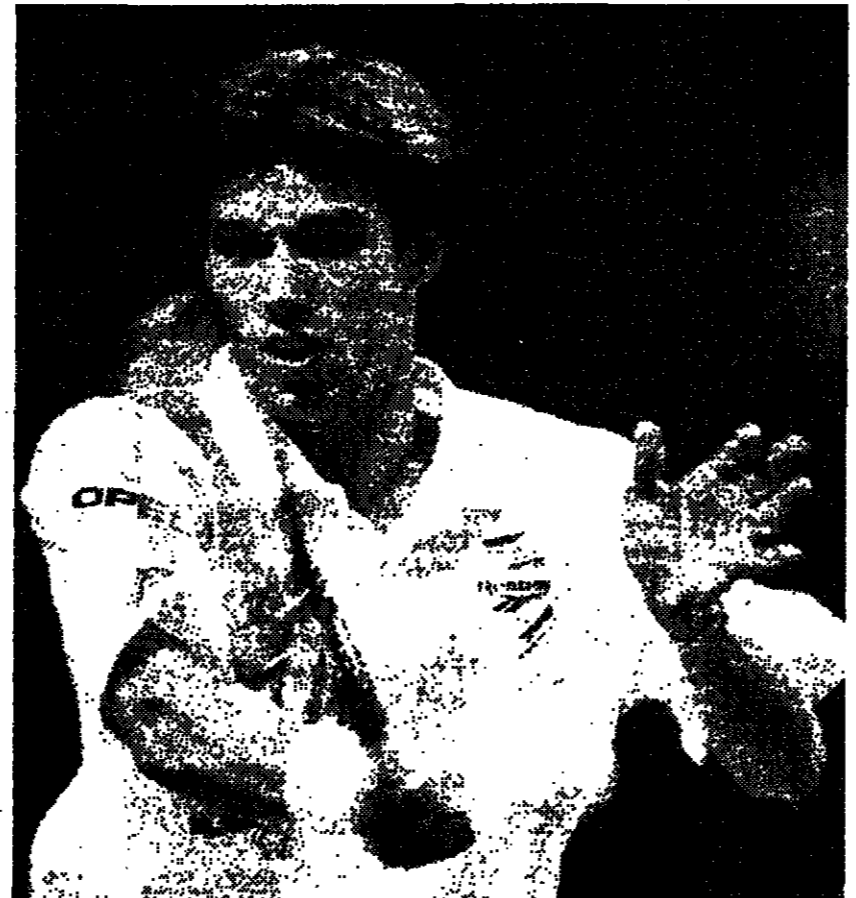
Opponents of the accord with Israel have responded with dissent, frequently violent. And Palestinian supporters of peace who feel left out of the decision-making process, tightly con-

Bassam Abu Sharif, a senior political adviser to Mr. Arafat, said: "The transformation of the PLO from a revolutionary movement to state structure is a very painful process, just like giving birth. We have to build institutions staffed by economists, planners and new methods of collective work. In other words people who are doers not dreamers, and it is only natural that this process will be resisted by some people."

Table with exchange rates for various countries including Andorra, Antilles, Aruba, Bahamas, Barbados, Belgium, Bermuda, Bolivia, Brazil, Brunei, Bulgaria, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Germany, Greece, Guatemala, Hong Kong, Hungary, Iceland, India, Indonesia, Israel, Italy, Japan, Jordan, Kuwait, Laos, Lebanon, Luxembourg, Macao, Madagascar, Maldives, Malaysia, Maldives, Mexico, Monaco, Morocco, Mozambique, Myanmar, Netherlands, New Zealand, Nicaragua, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Puerto Rico, Qatar, Romania, Saudi Arabia, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, U.A.E., U.K., U.S., Uruguay, Venezuela, and Zimbabwe.

See PALESTINE, Page 4

Kiosk



CHAMP OF CHAMPS — Michael Stich returning a serve by Pete Sampras on the way to winning the ATP Tour World Championship on Sunday in Frankfurt, Page 13.

Italian Leftists Strong in Exit Polls

ROME (Reuters) — Christian Democrats lost heavily in the first round of voting Sunday in nationwide local elections, exit polls indicated.

The party's leader, Gianfranco Fini, placed second in Rome, Doxa said. The Christian Democrat vote in Rome slumped to 9.3 percent from 31.9 in the previous city elections, while in Naples it fell to 7.3 percent from 29.8. Doxa said. The former Communists of the Democratic Party of the Left emerged as first-round winners in the polls in Rome, Naples, Genoa, Trieste and Venice.

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QVC arranged firm financing for its Paramount takeover bid. Page 7.
Bridge Page 5.

STATESIDE / A 'BREAKDOWN' IN COMMUNICATIONS

POLITICAL NOTES

Rollins: Call Me Irresponsible

WASHINGTON — The political consultant Edward J. Rollins has testified that he lied when he said he had spent as much as \$500,000 to suppress black voter turnout to improve the chances of the Republican gubernatorial candidate in New Jersey, Christine Todd Whitman.

Packwood Reverses Decision

WASHINGTON — Senator Bob Packwood had decided to resign but changed his mind after congressional staffers leaked his intentions to the Justice Department, prompting a subpoena for his diaries, a lawmaker said Sunday.

Quota/Unquote

President Clinton in a speech to representatives of the nations taking part in the Asia-Pacific Economic Cooperation conference: "We cannot let our national worries blind us to our national interests. More than ever our security is tied to economics. Military threats remain, and they require our vigilance and resolve, but increasingly our place in the world will be determined as much by the skills of our workers as by the strength of our weapons, as much by our ability to pull down foreign trade barriers as our ability to breach distant ramparts."

Nomination Remains in Limbo

WASHINGTON — The Senate has sent the nomination of Morton H. Halperin as assistant secretary of defense back to the White House. The action means that if President Bill Clinton wants to proceed with the nomination, he must resubmit it to the Senate.

Away From Politics



AN AIDS STAMP IN U.S. — Postmaster General Marvin Runyon giving Elizabeth Taylor a photograph of a U.S. postage stamp about AIDS in Washington at a clinic named for the actress.

An earthquake shook south-central Alaska, setting off alarms in the Anchorage area. No injuries or serious damage was reported. The Earthquake Information Service at Golden, Colorado, measured the quake at 5.1 on the Richter scale.

nancy discrimination lawsuit was announced. Her employers will appeal. A 2-year-old girl died in Los Angeles after being shot in the forehead during what the police say was a gang-related confrontation between a carload of women, including her mother, and a group of armed men in the Echo Park neighborhood of Los Angeles.

A CIA Drug Unit Is Tied to Smuggling

Justice Dept. Looks Into Allegations Officers Tacitly Backed Venezuelans

By Michael Isikoff Washington Post Service WASHINGTON — The Justice Department is investigating allegations that top officers of a special Venezuelan anti-drug unit funded by the Central Intelligence Agency smuggled more than 2,000 pounds of cocaine into the United States between 1990 and 1991, according to sources familiar with the investigation.

U.S. to Cut Back AID, Shutting Down 21 Posts

By A.D. Horne Washington Post Service WASHINGTON — Twenty-one U.S. foreign aid missions will be closed as part of an effort to "focus on a limited number of goals" in "only about 50 countries," the Agency for International Development has announced.

AMERICAN TOPICS

No Wonder Coaches Out-Earn Professors

The conventional wisdom is that it is a disgrace that college football coaches make more than professors. Nonsense, says the syndicated columnist Colman McCarthy: coaches work harder every day, 12 months a year, and take a far stronger personal interest in their charges than professors.

Short Takes

"There they are, the new street people, standing outside buildings at all hours, no matter what the weather," says the Los Angeles Times. "There they are, right next to the winds. They are the smokers, the one in four American adults who still have that nicotine urge, who need to take time out from work each day for a quick smoke or three."

Magazine advertisements are now appearing with Post-it notes — those little yellow bits of paper with an adhesive strip on the back — giving the advertiser's telephone number. This obviates finding a pencil and paper to copy the number down or tearing up the magazine.

You can't peacefully commune with nature at the Grand Canyon any more, editorializes The New York Times, because sightseeing airplanes and helicopters are constantly buzzing around — one outfit alone runs 100 flights a day during the summer.

Arthur Higbee

Senate's Stamp of Approval for NAFTA

By Helen Dewar Washington Post Service WASHINGTON — The North American Free Trade Agreement has won final congressional approval as the Senate joined the House in approving the pact, climactic months of bitter debate that split Democrats and gave President Bill Clinton the biggest bipartisan victory of his first year in office.

As part of the agreement, the United States and Mexico would establish an \$8 billion program to clean up pollution along their shared border.

The trade agreement was put on track for implementation in January after the Senate resolved an impasse over funding a \$1.1 billion extension of emergency unemployment benefits that expired last month and sent the benefits bill to the House for final passage next week.

On Saturday, Senators Edward M. Kennedy, Democrat of Massachusetts, and Tom Harkin, Democrat of Iowa, two close friends of organized labor in Congress, came out for the pact but articulated the mixed feelings of many pact supporters, especially Democrats.

The agreement would unite the United States, Canada and Mexico into the world's largest free-trade zone. It was approved in the Senate by a similar bipartisan coalition of 27 Democrats and 34 Republicans. Voting against it were 28 Democrats and 10 Republicans.

Unions, most of which have fiercely opposed it, are understandably suspicious of the motives of some of its boosters. Mr. Kennedy said. But the agreement may actually stem the jobs flow out of the United States by expanding exports, he argued.

The Senate approved the pact by a vote of 61 to 38 — giving it a bigger share of the vote than the House produced Wednesday, when the pact passed its critical test by a bipartisan vote of 234 to 200.

The agreement, which would take effect Jan. 1, 1994, would eliminate tariffs on trade involving the United States, Canada and Mexico over the next 15 years.

The agreement would unite the United States, Canada and Mexico into the world's largest free-trade zone. It was approved in the Senate by a similar bipartisan coalition of 27 Democrats and 34 Republicans.

Eliminating U.S. tariffs would cost the Treasury \$3 billion over five years. The administration expects to offset that loss through faster collection of payroll taxes, a \$1.50 increase in customs fees paid by travelers entering the United States and spending cuts.

Donald W. Riegle Jr., Democrat of Michigan, a leader of the opponents of the pact, called the pact "a jobs program for Mexico."

As part of the agreement, the United States and Mexico would establish an \$8 billion program to clean up pollution along their shared border.

Cuba May Go From Bad to Strife, a Study Predicts

By Howard W. French New York Times Service MIAMI — A new report on Cuba paints a grim picture of the island's future, saying that attempts at economic reform now underway will probably lead to civil strife before the end of the decade.

estimates. Hoping to arrest that decline, Havana has accelerated the pace of its own economic reforms, duceed under the supervision of Leonardo Perez, a specialist in Cuban affairs at Florida International University in Miami.

conclusions set the date for an appreciably more liberal, more democratic, and more prosperous Cuba no sooner than the beginning of the millennium.

Dismissing scholars of Cuban affairs say that although the country's situation is dire, it is by no means a foregone conclusion that the island's economy cannot be revived.

SECRET CODES CALLING ONE FOREIGN COUNTRY FROM ANOTHER IS NO SECRET WITH THESE SIMPLE ACCESS CODES. Includes a table of international calling codes for various countries.

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"ALL THE HOBOCTH THAT'S FIT TO PRINT" The New York Times NEWS IN REVIEW. Includes a graphic of a newspaper and promotional text.

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Much Depends on China

It makes a handsome picture to hang on the wall, this sunlit vista of a future in which the countries around the Pacific Ocean grow steadily richer, and learn to work amicably together...

tech modern army, navy and air force. If the country on its way to such power were also on the way to being a democracy, everybody would breathe easier.

INTERNATIONAL HERALD TRIBUNE.

An Opening for Pyongyang

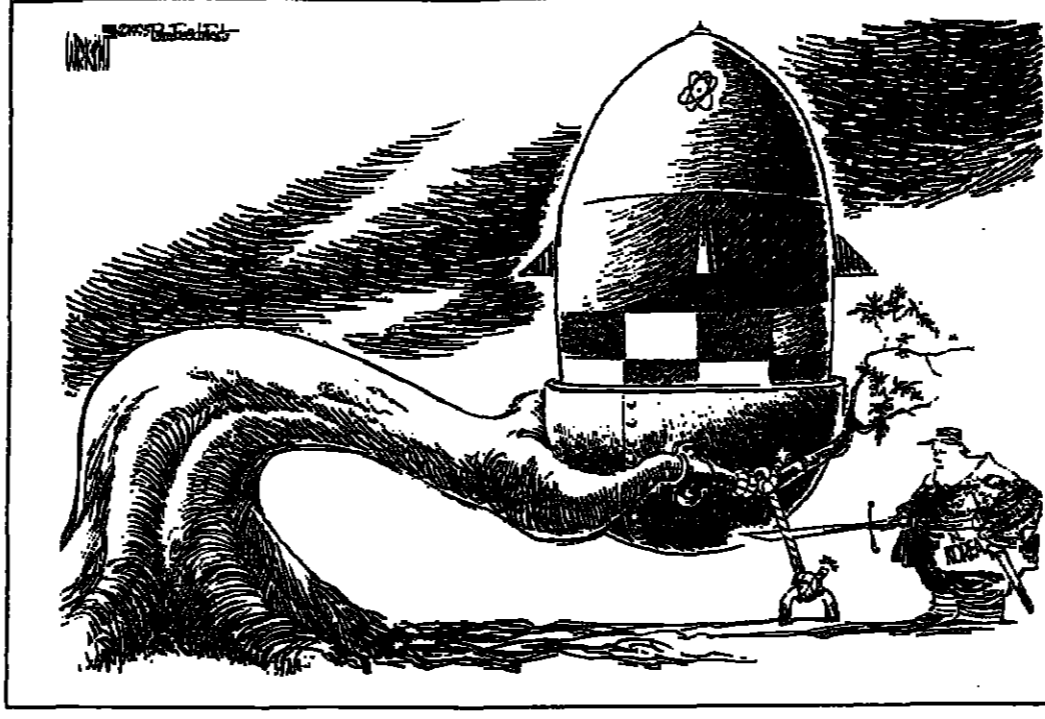
Nervous commentators fear that North Korea is about to develop nuclear weapons, leading them to urge immediate sanctions or even bombing raids to take out the regime's nuclear facilities.

barred special inspections of its nuclear waste sites that could have helped clear up the discrepancy. It also suspended regular inspections, claiming that the IAEA was being unfair and that the United States and South Korea were still making nuclear threats.

Building, Slowly, in Bosnia

Cruel irony touches the effort to bring humanitarian relief to Bosnia. In the pushing and shoving among Serbs, Croats and Muslims, there is increasingly something of a stalemate.

So it is encouraging, if faintly so, to see the combatants in Bosnia meeting and formally taking responsibility for their own relief. It is a pale substitute for effective international intervention, but it is the only substitute they must not only let the trucks roll, Serbs have a special obligation to open Bosnia's gas and electricity lines, Croats to open Tuzla airport.



To Cure Eastern Europe's 'File Fever'

NEW YORK — In 1950, a woman asked the anti-Communist writer Arthur Koestler why the people accusing Alger Hiss of lying couldn't keep their mouths shut "about things past and done with."

By Ethan Klingsberg The dossier in question mentions Mr. Hiss only peripherally and is being used by historians in a manner that teaches little of contemporary value.

A Bad Time to Berate An Unsettled China

BERLIN — For several weeks it looked as though President Bill Clinton was at last starting to make the right moves toward the collective leadership of China, which is hypersensitive, indeed obsessive, on two issues. One is its protracted endeavor to restore the international power and national pride of a state that was humbled by the West for a century and a half.

Despite Mr. Clinton's wretched stand in Seattle, he continues to hold an ace: It is China's large trade surplus with the United States, which was \$18 billion last year and could be higher this year. It trails only Japan's surplus with America.

The Kennedy Myth: How Has It Survived So Long?

NEW YORK — Thirty years after John Fitzgerald Kennedy's murder in Dallas on Nov. 22, 1963, Americans continue to hold the 35th president in improbably high regard — as a national leader ranked in some polls with or above Abraham Lincoln and Franklin D. Roosevelt.

After the stolid years of the '50s and the Eisenhower administration, the change seemed welcome to that "new generation"; and a third of a century later, in a time of political revisionism, many graying oldsters still mourn a lost leader and the idea of a new age that never came.

Now It's Easier to Believe

BOSTON — We all know where we were. Every one of us over 35 can tell you what we were doing when we got the news. There are moments in life when the clock simply stops. There are events permanently imprinted on a generation, tattooed on a nation.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1893: Channel Tempest PARIS — The storm which has been raging with extraordinary violence in the Channel for the last few days continued with unabated force yesterday (Nov. 20). At six o'clock in the morning, while the tempest was at its height, the eastern pier at Calais was carried away. There are thirteen fishing boats ashore. Up to noon twelve corpses had been washed up on the beach at Calais.

Advertisement for International Herald Tribune, listing editorial staff including Katharine Graham, Arthur Ochs Sulzberger, Richard McLean, and John Vinocur.

Advertisement for Boston Globe Newspaper Company, featuring a logo and contact information.

Advertisement for CURRENCY, featuring a logo and contact information.

Handwritten Arabic text at the bottom of the page: "بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ"

CAPITAL MARKETS

Foreign Investors Seek Long-Lived Mark Bonds

By Carl Gewirtz
International Herald Tribune
PARIS — Foreign investors, groping to enhance their incomes, are pushing out the life span on Deutsche mark bonds.

The bulk of these were reported to be Japanese insurance companies, which are searching to find assets whose high yields matches their fixed costs.

Rates on 30-year dollars are a touch better than in Germany, but mark bonds are safer for the Japanese.

Only one of the long-dated mark issues was a Eurobond. This was Austria's offering of 2 billion DM, increased from the 1.5 billion DM which was initially announced.

The prime distinction is that the Eurobond protects investors against the imposition of a German withholding tax on nonresident holders by allowing Austria to call the bonds in such an event or obliging it to pay the tax.

Deutsche Bank, lead manager of the Austrian issue, estimated that 70 percent of the paper was sold internationally to institutional investors, particularly in Asia.

With no 30-year domestic paper to use as a benchmark, the managers looked for reference to the domestic gilt market where the yield on 30-year bonds is 57 basis points, or just over half a percentage point, higher than the yield on 10-year paper.

The preponderance of nonresident demand was underscored by the fact that foreign banks were prominent as lead managers: Morgan Stanley & Co. for Baden-Württemberg and Saxony-An-

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QVC Finds Paramount Financing

The Associated Press
NEW YORK — QVC Network Inc. moved over the weekend to defuse a key argument against its hostile takeover bid for Paramount Communications Inc., saying it had obtained full financing for a tender offer.

Paramount, which already has accepted a lower offer from Viacom Inc., defended its rejection of QVC's unsolicited bid in Chancery Court in Delaware last week partly by arguing that it was contingent on financing.

QVC has indicated it felt its bid did not get fair treatment from Paramount's board. It went to court last week in Delaware, where Paramount is incorporated, to seek removal of antitakeover provisions that make an unfriendly offer for Paramount difficult.

Those provisions include a so-called poison pill, which would permit Paramount to flood the market with new shares of stock to deter a hostile bid.

Viacom and Paramount also argued that they made a compelling strategic fit. Paramount is a leading entertainment producer that makes movies and TV shows, owns sports teams and theme parks and publishes

Talks Collapse On European Airline Merger

By Jon Henley
Special to the Herald Tribune
AMSTERDAM — Four mid-sized European airlines, unable to agree on a U.S. partner, called off their merger talks on Sunday, ending their Alcazar project.

KLM Royal Dutch Airlines, Scandinavian Airline System, Swissair and Austrian Airlines abandoned 10-month-long talks "because we could not agree on our positioning in the U.S. market, nor on the residual choice of a U.S. partner," said Pieter Bouw, the KLM president.

The airlines will continue talks on lower-level forms of cooperation in fields such as maintenance and reservations, Mr. Bouw said, but talk of a full-blown merger was now "out of the question" and KLM will not carry on individual talks with any of the Alcazar partners.

The talks collapsed over KLM's insistence that only its U.S. partner, Northwest Airlines, in which it holds a 20 percent stake, could fly with the new European airline.

"We decided that any Alcazar cooperation could only be achieved if Northwest Airlines is the American partner," Mr. Bouw said. "We were within reach of agreement on every other point. Northwest was the only stumbling block." Alcazar needed a U.S. partner to provide passengers for the vital trans-Atlantic routes, which account for nearly half the global aviation market.

See MERGER, Page 9

Rising Bond Yields Signal New Ball Game

Shifting Rates Bolster Dollar
By Jonathan Fuerbringer
New York Times Service

NEW YORK — A sharp rise in credit-market yields last week raised fears that the rally in the bond market, which had carried long-term interest rates to their lowest level in 25 years, was over.

Such a turn in the market would send mortgage rates higher and could make the stock market, already at its own record levels, jittery.

Declaring the end to the rally is risky, mainly because of the U.S. economy's erratic performance in the last several years. But that seemed in any case to be the view on Friday, when bond dealers sold and sold as if they were running for the exits.

Analysts agreed that for the dollar to sustain a level in excess of 2 DM, the entire spectrum of interest rates starting from the overnight level will have to move in the U.S. currency's favor.

Investors are usually drawn to currencies whose credit markets offer high yields. Analysts agreed that for the dollar to sustain a level in excess of 2 DM, the entire spectrum of interest rates starting from the overnight level will have to move in the U.S. currency's favor.

Mr. Amstad concurred: "Lots of people have lost money waiting for the dollar's explosive recovery, and they're cautious about getting progressively optimistic too early."

In Europe, meanwhile, the mark's weakness against the dollar contributed to an easing of money-market tensions. The French franc traded at its best level since the August crisis and finished the week at 5.4660 per mark.

But Christopher Potts at Banque Indosuez said this was due to declining money market rates in Germany rather than any notable improvement in the outlook for the franc.

The Belgian franc also improved after the country's coalition government agreed to a package aimed at cutting spending that enabled the central bank to cut its interest rates.

Mr. Kirin, who headed a U.S. delegation that came here last week to press the U.S. concerns, said the Japanese proposal would be "contrary to international norms."

The concern focuses on an advisory committee formed in July by Japan's Agency for Cultural Affairs to review laws regarding software copyrights. One issue the panel is considering is whether to ease rules on so-called reverse engineering of programs to find out how they work.

Those ones and zeroes are difficult for humans to decipher. Decompilation reverses the process, turning the program back into a language that is easier to understand and therefore allowing people to learn how a program works.

Proponents say learning the ideas behind a program's functioning is legitimate because copyrights do not protect ideas, only their expression. Such information helps software developers write programs compatible with those they are studying.

The European Community issued a directive in 1991 allowing decompilation in cases necessary to make one program operate with another.

French Entrepreneurs Cash In on Fax Modems

By Mitchell Martin
International Herald Tribune

PARIS — The setting seems familiar: two professors "computer freaks" leave their engineering jobs to start a company, and a few years later end up running a high-technology multinational.

But the story does not begin in the California garage that spawned Apple Computer Inc. and the idea of personal computing in the mid-1970s. Rather, this is Paris in 1984, where Bruno Vanryb and Roger Politis, sound engineers, began BVRP Software SA with 20,000 francs (\$3,390) of capital and the idea that they wanted to do professional computer programs.

BVRP may not be Apple Computer, but it has just signed a deal for modem software with Hayes Microcomputer Products Inc. that will expand its geographic reach from France to 62 other countries.

Mr. Vanryb and Mr. Politis began their company in a different field, offering a database program called Directory. The first version sold only 3,000 copies.

But databases used to sort and store information in a kind of electronic library, are offered by a number of major software houses, such as Microsoft Corp. and Lotus Develop-

ment Corp. Mr. Vanryb said he decided that if BVRP pursued databases and similar programs it "would be crushed" by competition.

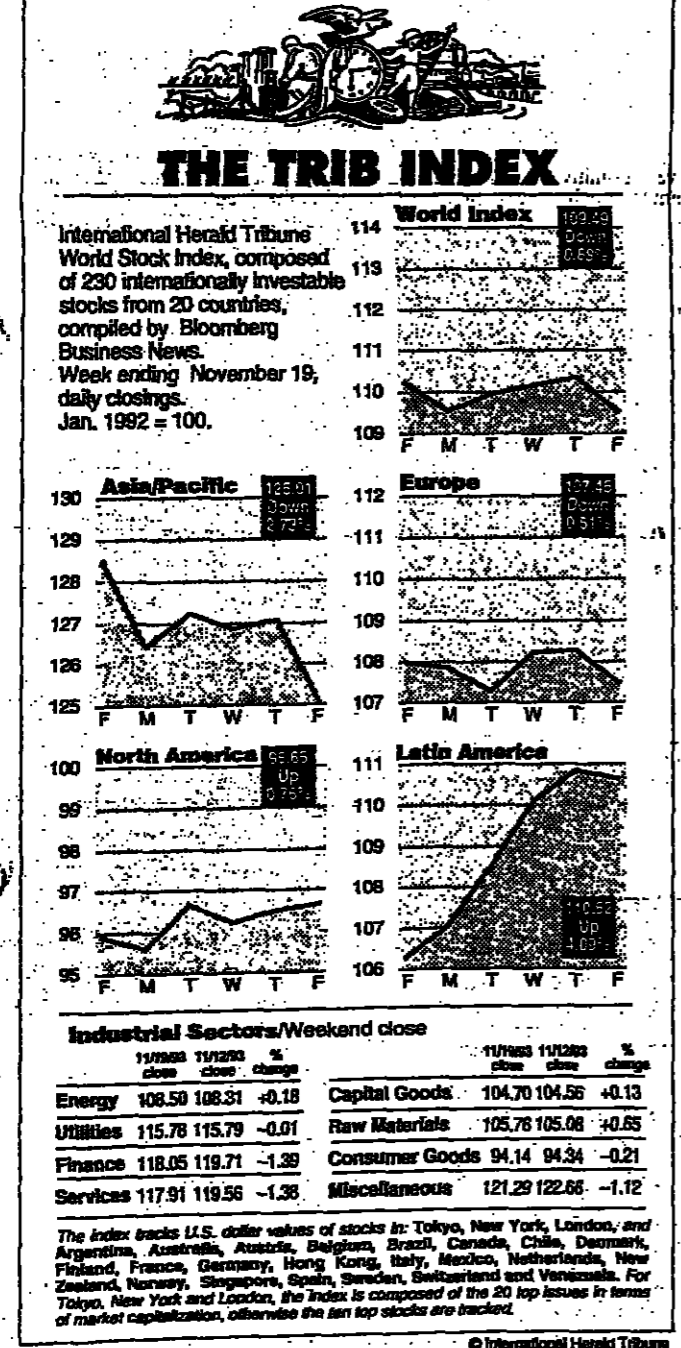
In 1987, the partners made a crucial decision, using the profits from Directory to change to software that runs facsimile machines. Mr. Vanryb said: "In 1987, practically nobody was writing software for communications. The hardware designers were doing their own software design in the cellar in five minutes and saying, 'That is my program.'"

BVRP's program for fax modems, called WinFax in France and FaxTools elsewhere, accounts for half of the fax modem-software sales in France. Perhaps more important, it caught the eye of Hayes, whose name is synonymous with the de-facto worldwide standard for modem commands.

Mr. Vanryb professed a fondness for venture-capital financing, but he said it was hard to come by in France. "The style of French venture capitalism is very different from the style in the United States. They prefer to invest in bigger companies, they don't like startups."

Even when funds are available, he added, they tend to be in relation to the size of the company in the French market, not potential international sales.

"The problem is, the size of our market is so small," Mr. Vanryb said, "that when you ship a product you spend the same as you spend in the United States, but the first shipment here is an order for 300 copies, and the first order in the U.S. is 8,000 to 10,000 copies." He added: "It's very easy to lose money, very easy to collapse before the money comes in."



CURRENCY RATES

Table with columns for Currency, Par \$, and Par 100. Lists rates for Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Toronto, Zurich, and 1500.

Other Dollar Values: Currency, Par \$, Par 100. Lists rates for Arab. peso, Austral. \$, Aust. doll., Swiss franc, Czech crown, Danish krone, Hong Kong dollar, Ind. rupee, Jap. yen, New Zealand dollar, S. Afr. rand, S. Korean won, Taiwan dollar, Thai baht, Turkish lira, U.S. dollar, U.K. pound, U.S. dollar, U.S. dollar.

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London. Prices may vary according to market conditions and other factors. Nov. 19

Dollar Straights

Table with columns: Issuer, Con, Mat, Price, Yld, Trv. Lists various government bonds like US Gov, Treasury, etc.

Governments/Supranationals

Table with columns: Issuer, Con, Mat, Price, Yld, Trv. Lists international government bonds from various countries.

Global Corporates

Table with columns: Issuer, Con, Mat, Price, Yld, Trv. Lists corporate bonds from various international companies.

Banks & Finance

Table with columns: Issuer, Con, Mat, Price, Yld, Trv. Lists bonds issued by banks and financial institutions.

Dollar Zeros

Table with columns: Issuer, Con, Mat, Price, Yld, Trv. Lists zero-coupon dollar-denominated bonds.

Global Corporates

Table with columns: Issuer, Con, Mat, Price, Yld, Trv. Lists corporate bonds from various international companies.

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MUTUAL FUNDS

Figures as of close of trading Friday, Nov. 19.

Table listing mutual fund names, share classes, and prices.

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New International Bond Issues

Table of bond issues with columns for Issuer, Amount (millions), Mat., Coup. %, Price, and Terms. Includes Floating Rate Notes and Fixed-Coupons.

GM Cars To Be Sold As Toyotas

Compiled by Our Staff From Dispatches TOKYO — Toyota Motor Corp. said Saturday it would sell right-hand drive cars made by General Motors Corp. under the Toyota name in the first such deal between a U.S. and Japanese automaker.

Starting in 1996, Toyota will market 20,000 GM Chevrolet Cavaliers annually through its dealer network in Japan. The announcement was made Saturday hours after the summit meeting between President Bill Clinton of the United States and Prime Minister Morihiro Hosokawa of Japan in Seattle.

The move could triple GM's U.S.-built exports to Japan by 1996. GM sold 9,000 U.S.-made cars last year in Japan, and 1993 sales are expected to be under 8,500.

Japanese news reports questioned whether the deal would benefit Toyota, saying the agreement was merely another burden amid the flagging car market in Japan. Jiji Press said it would be difficult for Toyota to achieve the announced figure because Toyota dealers are unwilling to sell GM cars in such severe economic conditions.

Japan's domestic sales of new motor vehicles in October fell 11.3 percent from a year earlier, to 374,227 units, the seventh monthly decline. Jiji Press said the price of a Chevrolet Cavalier was expected to be set at around 2 million yen (\$19,000), which is much more expensive than Toyota's popular Camry series.

The Week Ahead: World Economic Calendar, Nov. 22-26

Table of economic events for Nov. 22-26, including Asia-Pacific, Europe, and Americas.

Madrid Third-quarter unemployment rate forecast 23.0%. Frankfurt Nov. preliminary cost of living index forecast up 0.3% in month up 3.7% in year.

QVC: Financing Is Found for Bid

Continued from Page 7 immediately to the state's Supreme Court. Monday is also the expiration date for Viacom's SBS-a-share cash offer for 51 percent of Paramount's shares.

more than Viacom's offer, but the Paramount board rejected it last week for strategic reasons and because it contained legal and financial contingencies.

QVC is offering \$90 a share in cash for 51 percent of Paramount's stock in an offer that expires on Nov. 29. It also would pay stock for the remainder. The value of the takeover is about \$10.6 billion.

The stock market has been valuing QVC's bid at roughly \$1 billion immediately to the state's Supreme Court. Monday is also the expiration date for Viacom's SBS-a-share cash offer for 51 percent of Paramount's shares.

Mr. Diller, in a letter sent to the Paramount board, said the new financing commitments and last week's decision by federal antitrust regulators to let the deal proceed one Liberty Media Corp. dropped out as a backer of QVC removed key reasons cited for rejecting his bid.

He said the Paramount board should negotiate with both Viacom and QVC to obtain the highest and best transaction for the stockholders.

Last Week's Markets

Table of stock indexes and money rates for Nov. 19 and Nov. 22.

CREDIT: Bond Rally Over?

Continued from Page 7 to raise short-term rates all played a role in the sell-off. Money managers are also selling to lock in profits for the year.

Most important, the mood of the market is turning grim. Even minor data that simply affirm what everyone seems to know — that the economy is growing a little faster — have become a reason to sell.

The sell-off has sharpened the debate between those who think the rally is over and those who argue the decline in long-term rates will resume because the economy will grow at a moderate pace next year while inflation remains in check.

MUTUAL FUNDS

Large table of mutual fund data with columns for fund names, assets, and performance metrics.

BONDS: Mark Issues in Spotlight

Continued from Page 7 half, J.P. Morgan & Co. for Heise, and Goldman, Sachs & Co. for North-Rhine-Westphalia. While there was broad agreement that the pricing on the Austrian bond represented fair value, there was no such consensus on the state issues. Bankers noted that state borrowers usually pay up to 40 basis points more than the federal government in the domestic market, and they fretted that this was not reflected in the pricing of the 30-year bonds.

MERGER: Talks Collapse

Continued from Page 7 were offered at a discount of 98.551, with a coupon of 6 percent to yield 90 basis points more than U.S. government paper. This was more generous than had been rumored, but necessary given investor reluctance for 10-year paper in the current environment. Lehman estimated that just over half the issue was sold to U.S. investors.

Euromarts At a Glance

Table of Euromarkets with columns for Eurobond Yields, Weekly Sales, and Labor Rates.

LEBANON HORIZON 2000

Back in Business, Beirut Enlarges Its Opportunities

The lights are coming on all over Beirut as life returns to normal after 17 years of civil war and three of a stalemate peace. The bright lights of the revived city symbolize its return to confidence and bustling enterprise.

Boutiques, bars, brasseries and restaurants are opening daily in Hamra and Jounieh. Banks and offices are putting up new signs (Credit Lyonnais has just moved into Beirut). Hotels in the city center are being refurbished, and many are open for business. Soon, plush seafront hotels like the Phoenix and Saint Georges will be back in business, along with the already functioning Summerland and Bristol. The proposed reopening of the once world-famous casino will be the final signal that Beirut is back to normal.

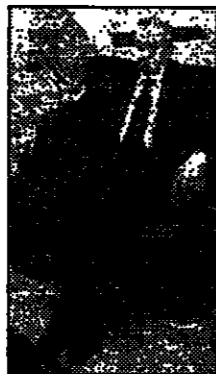


Rafic Hariri, prime minister and reconstruction leader.

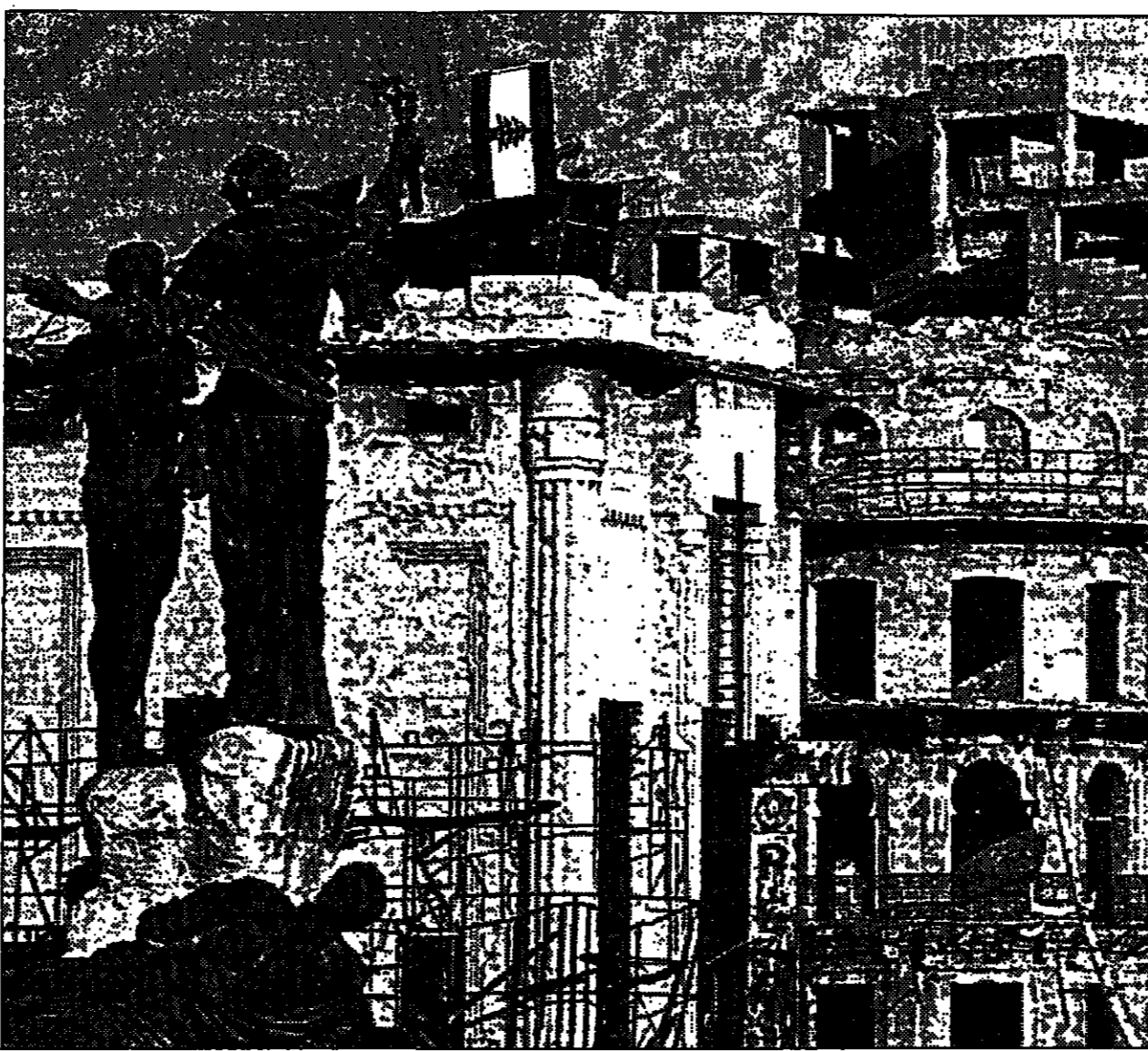
The downtown city center itself is about to be turned into one of the world's largest construction sites as the proposed \$1.9 billion Solidere redevelopment gets under way. It is impossible to exaggerate the scale of destruction in the war-torn central district. The reconstruction program is the trail-blazing feature of the Horizon 2000 project that the government hopes will give Lebanon a new heart and soul for the next millennium. Collective unity and democratic progress toward a brighter future is the combined objective of the "confessional" government (one whose leaders and executives are from different religious faiths, so power is shared).

President Elias Hrawi, who leads what is in effect the republic's three-man executive with Nabih Berry, president of the National Assembly, and Rafic Hariri, the prime minister, speaks about changes in attitude. "We used to refer to the Muslim army or the Christian army — now we speak only about the Lebanese army," he says. "We want to see a Lebanese generation that will flourish and is looking not only

Continued on page III



President Elias Hrawi: "I believe we are all working toward one Lebanon."



Place des Martyrs: The war-torn center of Beirut is rising again and should soon be restored to its former elegance.

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department and is published simultaneously in the IHT and The New York Times. • It was written by Michael Frenchman, a London-based writer who specializes in the Middle East, and Pamela Dougherty, a free-lance writer based in Jordan.

Seven Steps That Will Lead to the Rebirth of a Nation

"Horizon 2000," the 10-year rebuilding program for Lebanon, is more than just a reconstruction plan. Rafic Hariri, the prime minister (and former businessman, banker and entrepreneur), has been the driving force behind the project, which he sees as a unifying symbol of the new Lebanon.

More than \$10 billion is to be spent on developing the social infrastructure of the country, in addition to the city center redevelopment by the company Solidere, of which Nasser Chammaa is secretary-general. Mr. Hariri says: "It was my concept, but I consider it the concern of a government to be responsible for the center of the capital."

Nohad Baroudi, secretary-general of the Council for Development and Reconstruction (CDR), told a group of American businesspeople in Washington last month that as Lebanon moved into an epoch of peace and stability within the Middle East, "we must rise to the challenge of nurturing a Lebanon that reflects our proud heritage, and the rebirth of a nation emerging with confidence into the next millennium." He added, "We have to overcome the economic and social constraints and wounds that war has left in its wake."

The final version of Horizon 2000 was published last March and consists of seven main sectors: the city, telecommunications, water and sewers, electricity generation and transmission, transportation, schools and hospitals, and reform of government institutions.

Mr. Hariri is confident that the program is on course and rejects criticism from some quarters that little has been achieved so far. There have been several changes to the original concept of Horizon 2000. These include modifications to the marine development in Beirut, which originally included an artificial island. This has been scrapped. Some plans for expressways have been changed or abandoned. There are to be more open spaces in Beirut, and 40 percent more old buildings are to be retained.

Changes such as these have slowed down the timetable. "But," says Mr. Hariri, "look about Lebanon and see. In a few months' time I think Beirut will become one big building site and a boom town again."

Initial delays in financing seem to have been overcome, and \$1.4 billion has been raised so far. "This is mainly in the power sector and for part of the telephone network," says



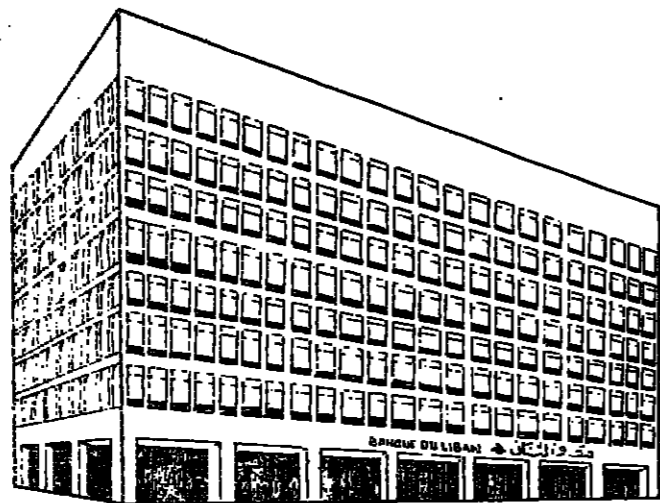
Nasser Chammaa, secretary-general of Solidere.

Continued on page VI

Inside:

- Page II: Stabilized Currency's Effect, Utilities
- Page III: Administration of Contracts
- Page IV: Confident Banks, Millions Pledged. Building the Ideal Country
- Page V: Industry's Role, Restored Port
- Page VI: Revived Tourism, Archaeological Promise, Airlines

THE SOLID STEADY STRENGTH



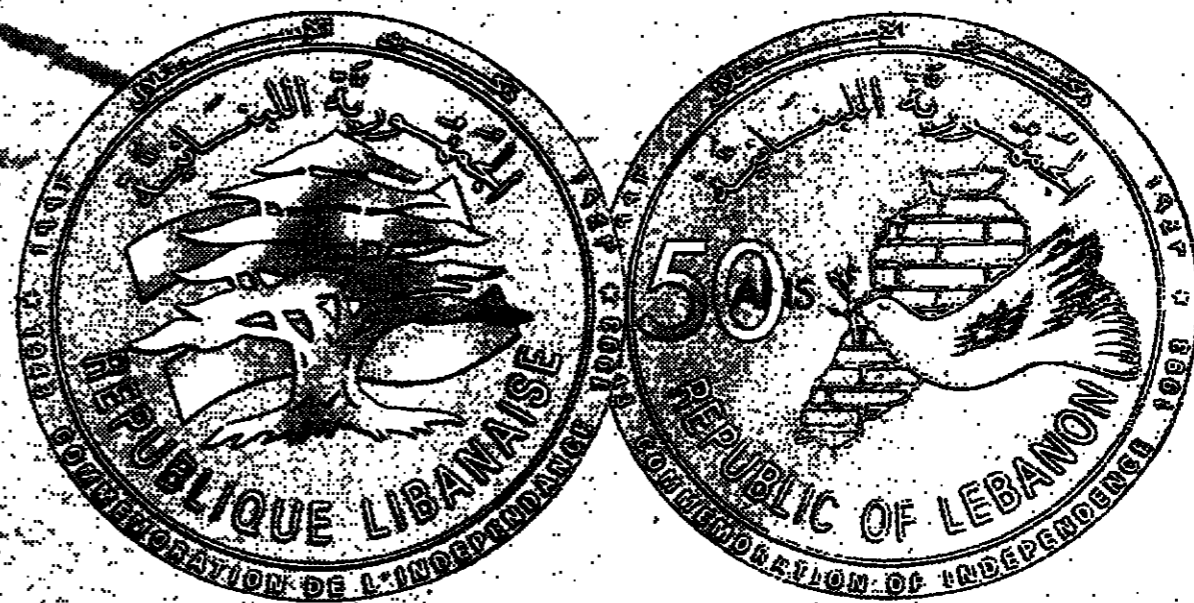
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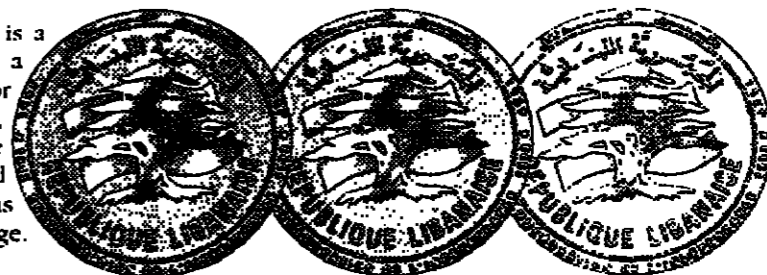
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Stabilized Currency Has Wider Effects

The provision of all things to all people is the demand being made of Lebanon's government, an unusual turn in an economy and society that

Machinery imports reach \$300 million

have always been dominated by the private sector. But even as the government tries to reshape the economy and goes ahead with massive rebuilding plans, its main objective is to enable the private sector to return Lebanon to its place as a regional economic player.

Reconstruction activity will support private-sector activity as electricity, water and communications and other services return to normal. This should also boost investor confidence in the ability of the government to deliver on its ambitious promises. Apart from the \$20 billion that the government has targeted for pri-

vate-sector investment in the rebuilding programs, efforts are being made to involve the private sector directly in the government-directed rebuilding effort.

The new mobile-telephone system, toll roads, and port and airport operations have been identified as possibilities for private initiatives. This has produced a positive response from such leading private investors as, for example, Nagib Mikati.

Fuad Siniora, minister of state for financial affairs, says many Lebanese are now beginning to realize that they can get a better return on their money from investment at home. He points to the real-estate sector as one offering possibilities of a good investment. Land that was worth \$8 per square meter in 1975 is now worth \$80 to \$100 per square meter, he says. "It may take a long time, but the Lebanese will come back and invest." Mr. Siniora says policy is directed to regaining authority over sources of

revenue and to rationalizing and controlling spending. So far, the policy seems to be enjoying some success, and overall economic indicators for 1993 are positive. Imports remain high at \$2.1 billion for the first half of the year, but a substantial share of the total is for re-export. Exports are also growing slowly. With net capital inflows rising, the balance of payments moved from a September 1992 deficit of \$800 million to a \$500 million surplus by September 1993. Government revenues over the same period rose by 450 billion Lebanese pounds (\$260 million) to 1,194 trillion pounds, while expenditures were up by 266 billion pounds to 1.81 trillion pounds, cutting the deficit from 800 billion pounds to 660 billion pounds.

Revenue improvements are coming from more efficient collection — customs duties rose to \$92.6 million in the second quarter, three times their 1992 second

quarter level — rather than new taxes. In fact, the government has asked parliament to approve sharp reductions in corporate taxes, from the current 42 percent to 10 percent.

The government has now presented its 1994 budget of 3.8 trillion pounds, which includes a 12 percent growth in expenditure over 1993 and a drop in the budget deficit from 50 percent in 1993 to 42 percent in 1994.

Of crucial importance to the economy has been the stabilization of the Lebanese pound, which has settled at around 1,730 to the dollar after an all-time low of 2,382 to the dollar in September 1992. Growing confidence in the currency can already be seen in the willingness of Lebanese buyers to move from three-month and six-month Treasury bills to two-year bills.

The Ministry of Economy has set up a team to control consumer prices, but the best prospect for improved living standards is a quick-



Beirut construction permits issued in the second quarter of 1993 covered 2.7 million square meters of the city's area.

ening in private-sector activity, which would generate new jobs, and this seems to be under way.

Construction permits issued in the second quarter of the year covered 2.7 million square meters, a rise of 94.98 percent over the first quarter of the year and 4.26 percent more than the same period in 1992.

Machinery imports are expected to reach \$300 million in 1993, up from around

\$120 million in 1991 and 1992, as industrialists rehabilitate and expand their plant.

Textiles, food, clothing, jewelry, printing, packaging and light industrial goods, all traditionally strong sectors, are set to revive. Exports to the Arab states are also growing slowly, with Syria, Jordan and Saudi Arabia emerging as the strongest markets.

Pamela Dougherty

Symbols of Return To Normality

Lebanon's current surge of infrastructure redevelopment is creating notable opportunities for overseas investors and local entrepreneurs.

The full benefits will not be felt until 1994-95, but for most Lebanese they cannot

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the work still to be done. The water-supply and waste-water-treatment situation is a good example. In 1982, almost all urban houses and 85 percent of rural communities had clean, piped water supplies from public systems. Today, all of

Lebanon's 18 water-treatment plants have been damaged, and only 10 per-

cent of chlorinators are functioning. Ever resourceful, many people have dug wells or survived by drinking bottled water. But now they are ready for taps that flow.

Sewage-treatment and solid-waste facilities are in even worse condition, with waste water from coastal communities now discharged directly into the sea and that from many inland communities into rivers and streams used for domestic water supplies by down-

stream communities. For 17 years, most solid waste has been dumped along major roads or along the seacoast.

Immediate work is needed to repair or replace waste equipment, develop new landfill areas, establish a major incinerator plant and rehabilitate the existing compost plant on the edge of Beirut.

The Council for Development and Reconstruction is now signing contracts for a program that goes beyond rehabilitation and is meant to equip the country with the infrastructure needed to re-establish it as a regional commercial and industrial center.

The program will also ensure that for the first time in its history, Lebanon will have a balanced geographical and sectoral distribution of resources, part of the overall effort toward national reconciliation.

Priority areas for utility expansion include electricity and telecommunications, which underpin most other development. Major contracts for electricity-supply repair and expansion have been signed, and those for a new public switching telephone network of one million lines and a global system for mobiles are due before the end of 1993.

Contracts for work in the water, waste-water and solid-waste-disposal sectors are also close.

A notable feature of the process is the high level of interest shown by international contractors. A total of 61 companies applied for prequalification for work on the estimated \$350 million in contracts for the rebuilding of Beirut airport, and 23 of them have now been pre-qualified. Conspicuous by their absence are U.S. companies, kept out of the market by a continuing State Department ban on travel to Lebanon.

The tight competition between companies has already helped to push some contract prices down, notably in the telecommunications sector.

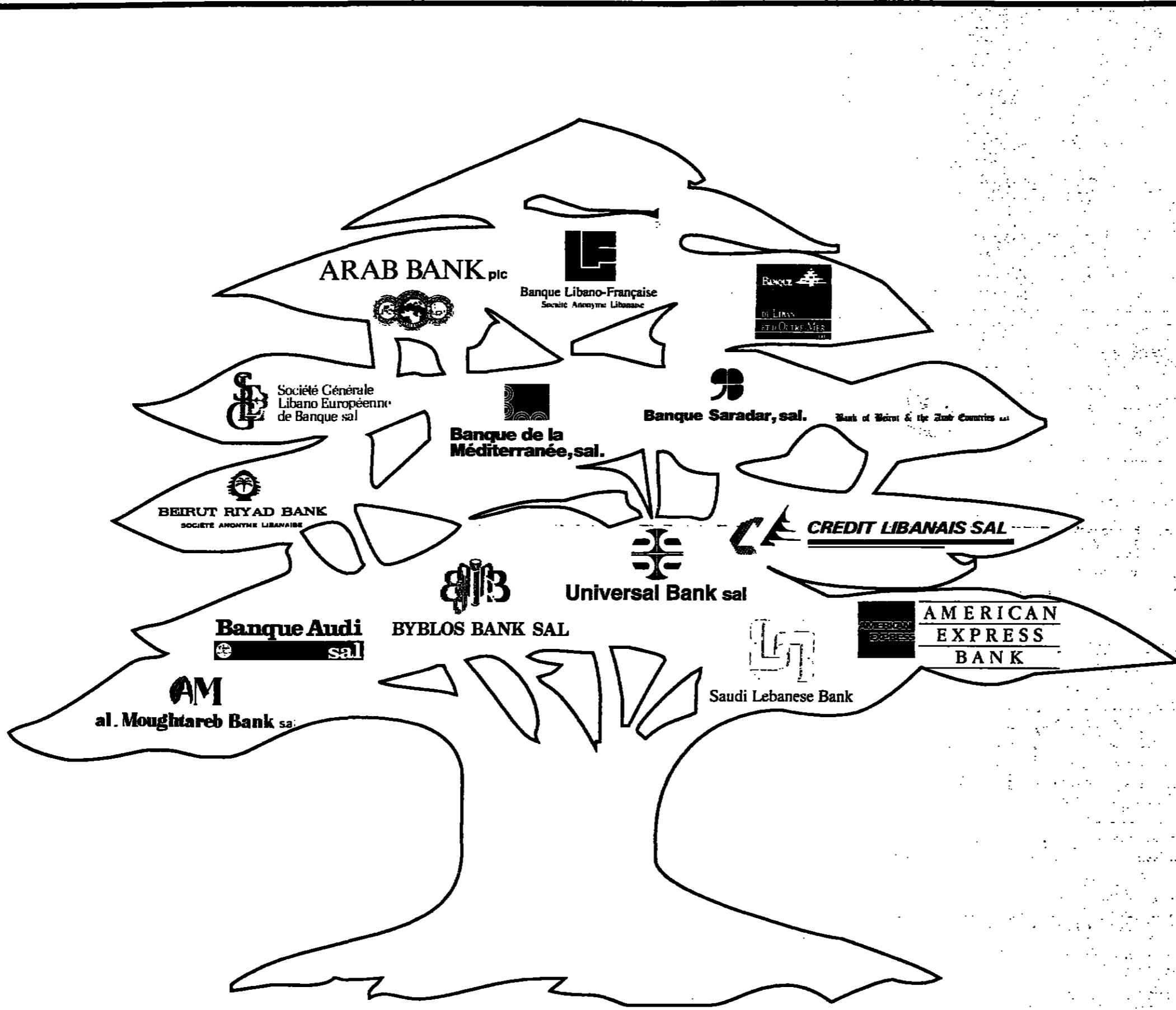
The scale and complexity of the work to be done is enormous, and work in the Beirut area is now being supplemented by a special \$1.993 billion Suburbs Development and Motorway Construction Program, which is headed by Ghassan Tahir, a member of the prime minister's advisory team and adviser to the Council for Development and Reconstruction.

Mr. Tahir says the program includes \$1.1 billion for the building or rehabilitation of around 330 kilometers of motorways. This will reintegrate the fragmented regions of Lebanon and strengthen connections with other Arab countries. Work will include a coastal road, a major highway between Beirut and the Syrian border to connect with the Arab motorway and a new Bekaa-Syrian border road passing through Baalbek.

The second major element of the program is a \$200 million rehabilitation effort in the densely populated northern and southern suburbs of Beirut.

The Saudi Fund for Development has recently signed a \$130 million soft loan for Lebanon, some of which will be used for the suburbs program. Work includes from street rehabilitation (even basics such as storm-water drains and street lighting have become a rarity in most of Beirut), school, university and hospital building, renovation of government buildings and the development of new access roads into the city.

P. D.



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Building Contracts Must Be 'Cleaner Than Clean'

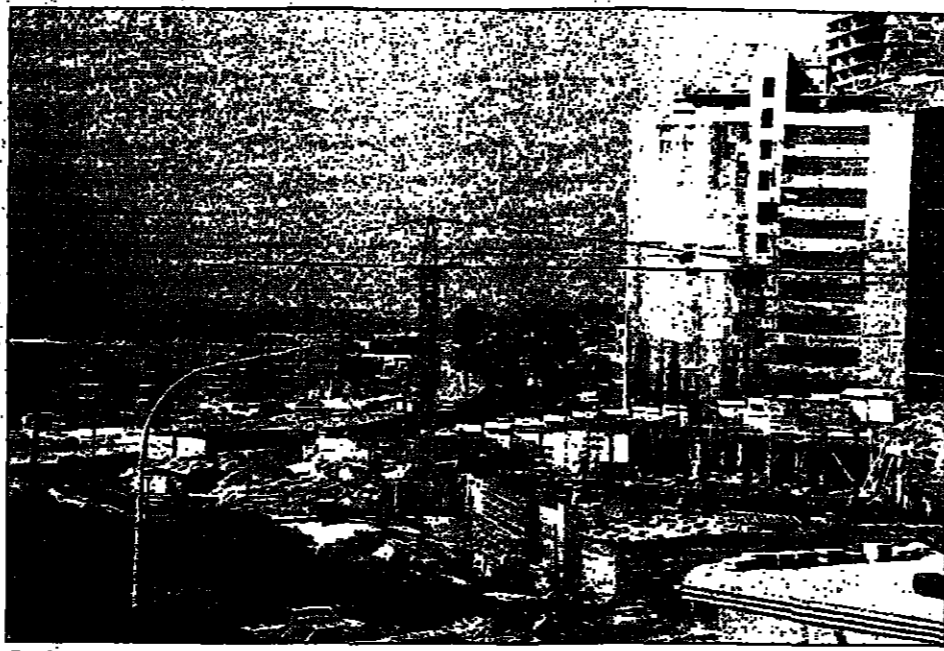
After a number of political and bureaucratic delays, some of the major works in the reconstruction of Beirut and the Lebanese infrastructure are now going ahead. They represent the start of what is probably the biggest construction program in any one city in the world. Total expenditure for the first phase is put at more than \$10 billion, and 100 contracts will have been awarded by next January.

According to Al-Fadi Chalak, president of the Council for the Development and Reconstruction of Beirut (CDR), bids for some \$2.4 billion worth of projects have been either agreed upon or submitted. "At the moment, we are looking at about 100 individual projects," says Mr. Chalak. "There is very

severe competition and overwhelming international interest in what we are trying to do."

Mr. Chalak is the man in the hot seat when it comes to deciding who does what. "We have a board of 12 directors in CDR who meet twice a week to look at projects and tenders," he says. "I've learned how to be patient, to use my own judgment and to apply pressure when it is needed so that we can get things done. Very strict rules are being applied to the submission of bids, which are opened in public and filmed by video cameras. When we say bids must be in by 12:00 midday, we mean 12:00 and not 12:10."

Mr. Chalak adds that it is vital that the CDR is seen to be cleaner than clean. "We have to be very strict with these tenders because this country needs to raise the level of international credibility," he says. The CDR is the central



Projects worth \$2.4 billion are before the Council for Development and Reconstruction.

tendering committee and acts on behalf of the Council of Ministers and reports directly to the prime minister. The CDR is also responsible for formulating the overall planning and securing financing for the implementation of its programs.

The CDR was originally conceived in 1977. In 1991, a new executive team joined the board. The CDR has an all-Lebanese staff of 140, including 60 professionally qualified experts who, in conjunction with a number of consultancy firms, appraise and prepare tender documents. The CDR is often able to compensate for the shortage of qualified administrators in the public sector and sidestep unnecessary bureaucracy.

"Our administrative status gives us some flexibility," says Mr. Chalak. Answering criticism that the CDR has been slow in getting projects off the ground, he replies: "In certain things we are on target. It all depends on the funding. On some project financing that is being done by Lebanese, we are in fact ahead. Unfortunately, with some of the funding agencies, things are taking a little longer because of little bureaucrats with little com-mas."

Mr. Chalak, an engineering consultant for many years, is a man who does

not suffer fools gladly. "In this job, I have learned how to get tough," he says. "To do this, you need two things - to know your work, and to push. If you don't know, you can't push."

Nohad Baroudi, CDR's secretary-general, says contractors have learned that there is "no single key person" who might help obtain a contract. He points out that the CDR evaluation committee members are only given 10 minutes' warning before being chosen for a meeting. "We are doing our best to maintain the highest integrity," says Mr. Baroudi. Even having a top joint-venture partner or agent does not always help. He cites the case of the French company Bouygues, which has won some key contracts in the electricity distribution field without having a single representative in Lebanon.

Both he and Mr. Chalak emphasize to contractors that they must abide by the rules, prepare and submit the documents as specified to the letter and, above all, present them on time.

Next January, when the offer to the public of shares in the Beirut reconstruction company, Solidere, closes, will be a key month. "By that time, we should have all the final designs and tender documents for some of the major works, which will be

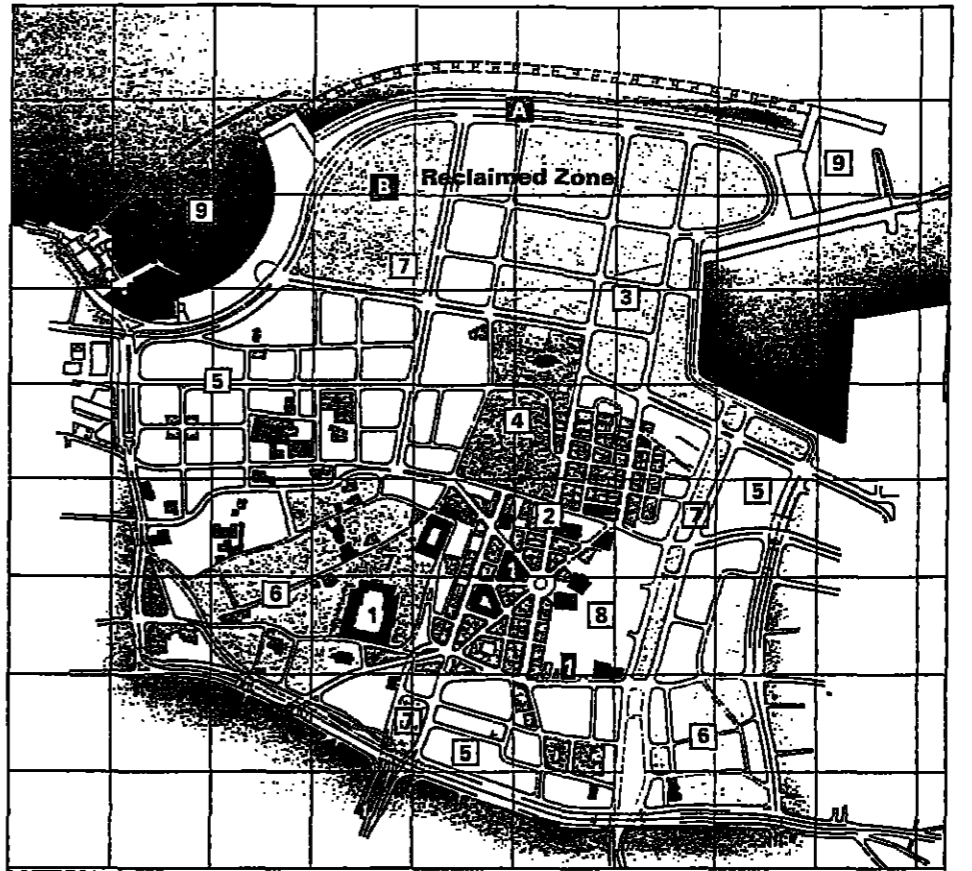
studied at the inaugural meeting of Solidere and in discussion with the CDR," says Nasser Chammaa, secretary-general of Solidere.

One of the first steps will be to go ahead with the marine development on the central north shore of the city, Normandy Beach, which has become an enormous garbage dump and major health risk over the last 17 years. Now 450,000 square meters of this area are to be reclaimed and turned into marine walks and parks, with some new buildings.

Mr. Chammaa explains that a total of 1.6 million square meters of land will be redeveloped over the next six years as part of the Beirut Central District reconstruction. The work will be split into three main contracts - the marine reclamation, the infrastructure and utility services, and the construction and restoration of the city center.

The original master plan for the center of Beirut has been changed considerably and has evoked considerable criticism.

"The challenge is to get a coexistence between the old and the new," says Mr. Chammaa. "It has been very difficult to get some of the changes made to the old master plan for environmen-



The Main Features of the Plan

- 1 Public & religious buildings
- 2 Preserved historic core of the city (pedestrian priority area)
- 3 Financial district (mixed use of offices, recreational & shopping facilities)
- 4 Traditional old souk area (pedestrian - retail area)
- 5 Mixed use areas (commercial, office, hotel, residential)
- 6 Residential area
- 7 Public parks & squares
- 8 Archeological excavation area
- 9 Marina
- A Tree-lined seaside promenade
- B Seaside park

tal and aesthetic reasons. People found it difficult to understand the original concept, which in any other country would have been regarded as a discussion document."

The center of Beirut is a blitzed site, reminiscent of old newsreel pictures of Dresden after it was fire-bombed in World War II. The damage is horrific, and it seems at first sight unlikely

that anything can be worth saving. In fact, at least 266 buildings (about 15 percent of the existing ruins) are to be restored, and new ones are to be merged with them to produce a dramatically restored city center.

"It is the first time that something on this scale has ever been attempted and presented to the international community as a global investment project," says Mr.

Chammaa. "It is going to have a very significant effect on the development of Lebanon, and over the next five years, I think it will have a 10 percent impact on the GDP of this country. In spite of all the difficulties and the criticism in the past, which has not always been objective, I have always had this feeling that this project would happen."

M.F.



Bullets poured into this building during the bad times. The inhabitants now look forward to a brighter future.

Back in Business

Continued from page 1

for peace but for peace of mind. I believe we are all working toward one Lebanon."

Mr. Berry, a supporter of Lebanese unity and of the Lebanese-Syrian economic agreement, believes, however, that Lebanon cannot move toward full democracy until it abolishes the "confessional" system of government. "It is an obstacle," says Mr. Berry, pointing out that many Beirut Christians boycotted the last election because of the electoral system.

Another person who is working to create unity and restore Lebanon to its former glory is Mr. Hariri, a Sunni Muslim, banker, engineer, peacemaker and, it has to be said, a reluctant career politician. He has turned out to be the hon-

Resilience survived 17 years of war

est broker between the warring factions of Lebanon's bitter civil war, a role that he first took on in 1983 at the Lausanne Conference. This was followed by the Taif accord, which laid the foundations for political reconciliation. One year ago, he was appointed prime minister of a coalition government that has so far worked without too much strife.

"There is no doubt that the situation is better every month in spite of the many difficulties," says Mr. Hariri. "There is unity, and we are definitely on the right track."

In addition to maintaining its sovereign independence, Lebanon should play a greater democratic role in the region, Mr. Hariri says.

Commenting on the peace accord with Israel and the PLO, Mr. Hariri expresses concern about the fate of the 350,000 Palestinians in Lebanon, the withdrawal of Israeli forces from Southern Lebanon, and relations with Syria, which has 20,000 "guest troops" in Lebanon.

Most of all, Mr. Hariri would like to see the United States working toward a global and comprehensive peace in the area. "There is no turning back on our side," he says, "and no turning back for Syria either." He is adamant that Syria wants an agreement for global peace in the region and adds that any further peace moves are up to Israel. "The ball is in their court," says Mr. Hariri, adding that Israel's total withdrawal from southern Lebanon was the key.

President Hrawi confirms this. "We are ready to sign a peace treaty, to guarantee peace with Israel on condition that they withdraw," he says. "We are ready to do this now. Lebanon is guaranteeing peace on the border with Israel, and not one bullet will be fired."

Mr. Hrawi alleges that the recent Israeli raids into southern Lebanon and the consequent fleeing of thousands of Lebanese refugees northward to the Beirut area was aimed at creating massive economic problems for the Lebanese government. "It was also aimed at discouraging Lebanese expatriates from returning with their money and thus hindering the reconstruction plans," adds Mr. Hrawi.

There are said to be more than 10 million Lebanese overseas, mainly in the United States, Canada, Africa, Australia and South America. Their total wealth could constitute a major economic force if more capital was repatriated to Beirut. According to the Central Bank, about \$1.5 billion has returned so far this year.

"We are making every effort to tell our own people and the world as a whole that we are now a serious government," says Mr. Fouad Saniora, minister of state for finance, who expects a surplus in the balance of payments by the end of the year. "We have regained the unity of our country, and we have regained control over every part of the country and every source of revenue."

Riad Salamah, governor of the Bank of Lebanon, says, "Our biggest problem is to keep a sound monetary system and to keep financing the reconstruction - that is the real challenge for us." He explains that the government needs \$4 billion over the next 10 years, which must be raised without enlarging the local economy. By the end of this year, Mr. Hariri hopes to have raised from international sources a total of around \$2 billion for the redevelopment program. Other monies will come from budget revenues, particularly more effective tax collecting.

"There has always been a tradition of tax evasion in this country, but now we are trying to do everything to regain the confidence of the public and reduce the emigration that existed between people and the state," says Mr. Saniora.

While there are many problems - rehousing the million or so displaced persons, restoring the country's infrastructure, overhauling the banking system and creating new investment opportunities - there is also a vibrancy and resilience that few countries could have sustained after a 17-year war, that few countries could put the interests of the country before that of the communities," says Mr. Saniora. And that message seems to be getting through to the Lebanese, who once again stand on the threshold of opportunity - given a real regional peace.

Michael Frenchman

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Newly Confident, Banks Seek Expansion

After three years of peace, Lebanon's banking and financial system is emerging from a period of drastic change. Commercial banks, having "cleaned" their balance sheets, now plan to introduce new investment products and technology, and to seek greater international credibility.

Banking, investment and company legislation is being changed so as to create a more active environment for the banking sector as a prelude to the reopening of the stock market. In 1992, there was an overall 37 percent growth in banks' assets, measured at constant prices.

The banks are having to cope with massive inflows of capital from Lebanese expatriates. This swelled the deposit base to \$8.5 billion at the end of last year. According to Mr. Riad Salameh, governor of the Central Bank of Lebanon, some 70 percent was in U.S. dollars, and during the first part of this year, an additional \$1.5 billion came into the system. There has also been a conversion of more than \$1 billion to Lebanese pounds, "which shows confidence in the future of Lebanon."

Dollars are extensively used on a day-to-day basis by visitors when paying in hotels, restaurants, shops and taxis, and all higher prices are listed in dollars. Inflation has eroded the value of the Lebanese pound, which was 5.94 to the U.S. dollar in 1984 and is about 1,720 to the dollar today.



One of the challenges facing banks: Finding the finance for rebuilding the country.

Computerization adds to customer services

This has made it impractical to use the Lebanese pound, as the largest note in circulation is 10,000 pounds. The central bank will issue new 20,000-pound and 50,000-pound notes in about six months' time.

Mr. Salameh described as a "confidence factor" the fact that people are now investing more in the long term. "Investment used to be only for three months, but now we are seeing investors buying two-year notes," Mr. Salameh says. "It looks as though there is more optimism about."

Once parliament has approved legislation, longer debt instruments will be introduced as well as other products to help encourage a secondary market. Mr. Salameh is also keen that banks develop more non-balance-sheet activities once the law has been changed. Some banks have already begun to introduce new products — mortgage bonds — ahead of the impending changes.

François S. Bassil, chairman and general manager of Byblos, the ninth-largest bank in terms of total assets (\$309 million), has started issuing personal loans and certificates of deposit, and he plans longer-term house financing (the present limit is 36 months). "We hope to do more trade, finance and business investment in the future, including some short-term industrial financing," says Mr. Bassil.

Banque Audi, the sixth largest, with assets of \$374 million at the end of 1992, is also planning for a new era of banking in Lebanon. "We are now fully computerized and were one of the first banks to be so," says Mr. Raymond Audi, chairman and general manager. "We have a full on-line system and hope to have this in real time before long." The bank has 19 branches and expects to open another two before the end of the year. It is also the only Lebanese bank to have a network in the United States (New York and Los Angeles), in addition to France and Switzerland. "We like to follow our customers," says Mr. Audi.

One of the problems ahead for Lebanese banks is to meet the Bank of International Settlements' capital-asset ratio of 8 percent. This is expected to force a number of mergers among the country's 77 banks, of which only about 25 are truly active. Banque Audi, which had a \$12 million cash injection last April, expects its ratio to reach 10.5 percent by the year end.

Some foreign-led joint ventures are expected as newcomers arrive (one of the latest is Crédit Lyonnais). While the central bank welcomes the arrival of foreign banks, it is hoping to establish some guidelines to prevent



Banks move into a new era: Above, training staff on computers, and right, Crédit Lyonnais opens a Beirut branch in the shadow of a damaged building.



them from competing unfairly. "There have been very few mergers so far," says Mr. Audi. "It will depend on the pace of normalization. Every Lebanese wants to be a banker, or to own a bank, and it is prestigious to become a board member of a bank here."

The largest and most successful bank today is Banque du Liban et d'Outre-Mer, which had total assets of \$700 million at the end of 1992, according to Naaman Azhari, president and director general. Customer deposits, which were just under \$600 million at the end of 1992, have increased by 26 percent, and at the end of September stood at \$764 million. Of this, \$505 million was in U.S. dollars. Group deposits are more than \$1.5 billion. Mr. Azhari is planning to open a new investment bank and has opened an offshore bank in Cyprus. BLOM is 60 percent Lebanese-owned. Swiss investors own 7 percent, and the remaining shareholders are mainly Saudi and Syrian.

Mustafa H. Razian, chairman and general manager of Banque de la Méditerranée, the fifth-largest bank in terms of assets (\$521 million), plans several technology innovations. "This is one of the principal changes going on now as nothing has been done to upgrade systems over the past 16 years," he says. "Not only does the bank want to improve its domestic image, but it also believes it has been too conservative in its lending position in the past. We are now looking at certain investments that we would not have considered before — investment risks have now subsided." Mr. Razian hopes that a developing capital market will help to meet local investment needs. M.F.

Aiming to Build the Ideal Country

"I am Lebanon" is the literal translation of the name of a new nonprofit making association recently created in Beirut. The aim of Ana Lubnan is to build an image of an ideal country as a source of inspiration for its citizens, and as a source of confidence for would-be visitors, investors or returning citizens.

The difficult aim is to promote "good citizenship" after 17 years of bloody civil war that brought the society and its structures to near chaos. Ana Lubnan is conducting media and public-awareness campaigns on such issues as respect for law and order, road safety, the environment, hygiene and litter-free streets. It is encouraging participation from other associations concerned with these problems.

The project was born two years ago, when Mustafa Assaad, current world president of the International Advertising Association and president and CEO of Publigratics, the leading Mideast

advertising agency, published an emotional appeal to the Lebanese abroad to come back and invest their human resources, if nothing else, in the rehabilitation of their country.

TV, billboard and press campaigns followed, prompting a group of concerned citizens from all walks of life — businesspeople, bankers, scholars and people in the media and advertising — to get together and form a framework for action.

The 50th anniversary in 1993 of Lebanon's independence provided an occasion to rally the dreams and energies of postwar Lebanese society. In November, Ana Lubnan launched a year-long campaign to encourage the emergence of ideal Lebanese citizens: law-abiding, respectful of the environment, aware of their duties and responsibilities, and willing to roll up their sleeves to rebuild their country.



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Millions Pledged to Help Rebuild Beirut

The sale of \$650 million worth of shares for the Beirut city center redevelopment company, Solidere, which went on offer beginning Nov. 1, is going according to plan. The offer, made through 22 Beirut banks, closes next January and is the start of a campaign to raise some \$10 billion for the first phase of the rebuilding of Beirut and the war-torn infrastructure of Lebanon. A total of \$1.9 billion is needed immediately.

The 10-year Horizon 2000 program will result in an increased, but manageable, government indebtedness averaging 59 percent of GDP over the period. Debt service payments are forecast to be no more than 6 percent. Gross financing requirements for the recovery program might reach as much as \$18 billion, including budget deficits and repay-

ment obligations. "We are not borrowing to buy bread," says Fouad Saniora, minister of state for monetary affairs. "We are borrowing to invest, and we have already received pledges of \$1.4 billion."

With more than 10 million Lebanese living overseas and 4 million in the country, there is every expectation that the direct Lebanese contribution to funding the reconstruction will be substantial. Some bankers estimate that there might be as much as \$40 billion held by Lebanese expatriates; others put the figure lower.

What is certain is that the initial \$650 million share sales for Solidere will be the catalyst for further funding. Solidere will act as real-estate managers and developers for the area involved, the Beirut Central District. It will ensure that all the infrastructure works are executed and will rebuild and restore certain buildings. The property owners in the district, about 150,000 titleholders, get first preference for the "A" shares on offer, and 6.5 million "B" shares are available at a par value of \$100 each for any Lebanese or Arab investors. Solidere's shares will be listed on the Beirut Stock Exchange when it reopens.

Rafic Hariri, the prime minister and prime mover behind the Beirut recovery plan, has personally been responsible for helping to raise other parts of the funding. In the last three months, he has visited the United States, Europe, North Africa and the Gulf states to help raise finance.

"I have had pledges of about \$1.4 billion to date, and we are negotiating over a further \$800 million for the power station project," says the prime minister. While the initial reaction to his requests for funding were well received, some pledges have not lived up to expectations. Some economic observers in Beirut suggest that some countries and agencies are holding back because of the Israeli-PLO agreement. Some bankers are said to feel that the new needs of the Palestinians may be greater than those of Beirut.

Mr. Hariri started his fund-raising mission at a meeting with the Arab League foreign ministers in Damascus in late July, at which some \$500 million was pledged. He also held a conference in Beirut attended by more than 200 Saudi Arabian and other Gulf investors. Early last September, Mr. Hariri and Esmeret Abd Al-Maguid, secretary general of the Arab League, visited the Gulf countries.

Abu Dhabi promised to pay its full quota of \$75 million in cash. Kuwait said it would provide a similar amount, going back on an earlier promise in Damascus of \$100 million. Saudi Arabia was also reluctant to pay its promised \$200 million. Instead, it offered \$150 million in cash and said the remaining \$50 million would be for equipment for the Lebanese Army and Internal Security Forces.

Oman has promised \$10 million and has so far paid \$2.5 million. Bahrain has offered \$10 million, and Syria has paid the whole of its promised \$10 million in the form of construction materials. Egypt has promised \$10 million worth of aid, mainly as construction materials and equipment for the Lebanese Army. Another \$10 million is due from Morocco.

Other financing includes \$29 million from the United Nations, of which \$15 million will go toward rebuilding houses and apartments. The European Investment Bank and other EC agencies are also providing funds. The World Bank, Islamic Development Bank, the Kuwait Fund and the Arab Fund are among the other aid providers. Approximately 16 donors are involved in the promised total of \$1.4 billion for the official funding. This does not include \$130 million from the Saudi Fund.

Funds are needed for infrastructure works in the northern and southern suburbs of Beirut and road repairs and construction elsewhere in Lebanon, including the Lebanese University, teaching institutes, schools and hospitals. The total needed for these works is approximately \$1.9 billion.

Money is being raised not only for the Horizon and central Beirut programs but also for general real-estate and commercial ventures. A group of investors led by the Al-Habtoor Group of Dubai in the United Arab Emirates has launched a \$30 million luxury housing project in the Jarmhour area overlooking Beirut.

A Saudi Arabian investment group is expected to fund an \$80 million housing and commercial complex with tourist facilities in the Dalhamiyah hills overlooking the Sa'adiyyat coast, south of Beirut.

M.F.

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Does Industry Need Some Protection?

To protect or not to protect is a big question for Lebanon's manufacturing sector. In a resource-poor country where 80 percent of raw materials must be imported, industry has never been a dominant sector of the economy, but Lebanese goods enjoy a reputation for quality and style that was maintained even during the worst days of the war.

The constraints facing industry are daunting, and some industrialists believe that a level of government support is necessary to counteract them. An obvious problem is the lack of infrastructure. Lebanese businesspeople have be-

come adept at working with generators and satellite telephones, but such private services push up production costs. A shortage of reasonable medium- and long-term credit is another barrier, especially for new investors, who at present can find only short-term loans at interest rates of 10 percent and higher. Some help is coming from the International Finance Corporation, which in June agreed to provide \$45 million in long-term credit to five local banks for on-lending to private business.

Joint venture with Russia is set up

Studies are also under way on the revival of the formerly government-owned Industrial Development Bank. Some think that the bank, along with the specialist Housing and Agriculture Banks, should be re-established with an 80 percent private-sector and 20 percent government ownership.

A third serious problem is the loss of skilled workers to the Gulf states or to other permanent migration. Many of the workers who stayed have lost the habit of regular work but are protected by labor laws that have not changed in decades, although Fabah Idriess, general secretary of the Association of Traders, believes that given decent salaries, most workers would be happy to learn new skills and better work habits.

The experience of the industrial sector throughout the war suggests that it will be able to bounce back quickly. When fighting was bad, many companies moved to the greater safety of the mountains or relocated out of Lebanon altogether. Despite this, Lebanese ready-to-wear clothing and food products remained among the best in the region. As with much of Lebanese life, it is the quality and style they demand for themselves that the Lebanese are able to offer to others.

Now companies are keen to start working normally, and the traditionally strong sectors of food, clothing, textiles, jewelry, pharmaceuticals, printing, packaging and light industrial goods are seeing new investment.

Many companies are placing their emphasis on installing state-of-the-art computerized equipment that they believe will help them to maintain their traditional edge over regional competitors. Machinery imports reached \$120 million in 1991 and 1992 and are expected to jump to \$300 million in 1993. Industrial credits to June 1993 were up 76.1 percent, to \$25.7 million.

Building-related industries are benefiting from the overall

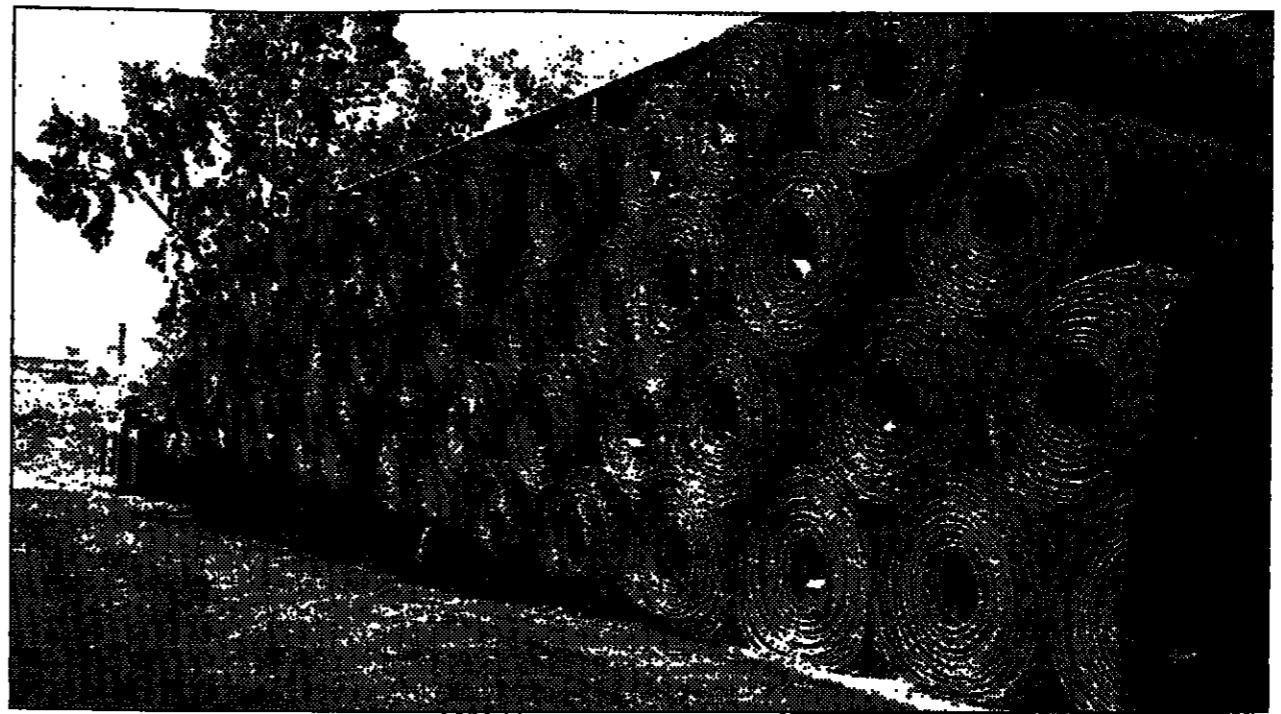
reconstruction effort. Lebanon's cement companies have enjoyed in the second quarter of 1993 a 29.8 percent growth in cement deliveries compared with the same period in 1992. The Sibline Cement Plant is investing \$40 million in a new production line and Leico, a plant owned by Taoufik Gargour, is investing a similar amount in new facilities.

Agro-industry offers good prospects as well. Future Pipe Industries is working with U.S. interests on a \$20 million scheme to produce pipes for water supply and irrigation projects in Lebanon and Syria. A planned second phase will include production of polyvinyl chloride (PVC) and polyethylene pipes.

The Association of Lebanese Industrialists would like to see a customs regime that offers some protection to local industry to enable it to get back on its feet. The Association of Traders believes this will just push up costs and lower standards. Mr. Idriess is uncompromisingly in favor of some government help. "Industry should either have a chance to live or not," he says. He would be happy to see government actions to help industry in many areas, including a rapid re-establishment of the industrial free zone at Beirut airport.

Lebanese industrialists generally agree on the country's potential markets, and they are looking east to the Arab world rather than to Western Europe, where many potential buyers are still doubtful about regular supply. In the short term, the best prospects for Europe and the United States are specialty areas, such as traditional foods and jewelry, where Lebanese companies already have a track record.

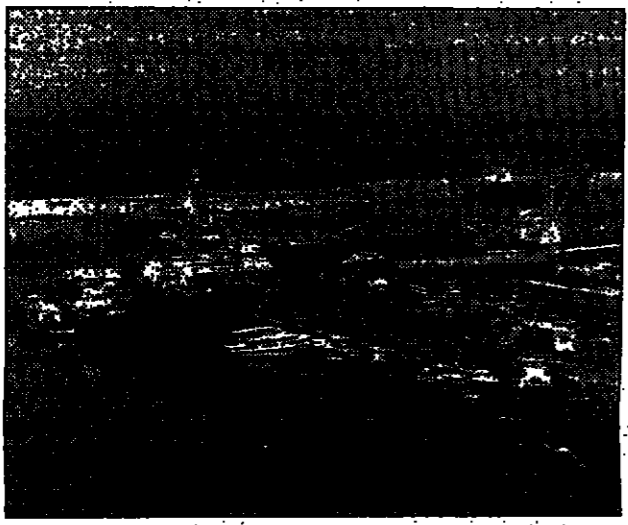
Syria, Iraq and Jordan are the best prospects for Lebanese industry, and all now offer free access for Lebanese goods to their markets. Other options are being explored, however. The Association of Lebanese Industrialists has set up a joint venture with the Federation of Rus-



International cooperation helps industry: Steel wire from Russia waits in Beirut to be made into building material.

ian Industrialists to export food products and pharmaceuticals and to import metals, iron, wool, timber and cement. Mr. Idriess believes it would be a mistake to overestimate Lebanon's industrial potential. The Lebanese are "born

traders, not born industrialists," he says. But with products that require skill and creative flair, he believes, the Lebanese can find a profitable place, first in the regional market and then in the wider world. P.D.



Restoring Beirut port: The first phase will cost \$126 million; the second phase, costing \$1 billion, starts in 1996.

Restored Port Finds Place in the World

One of the first successes of Lebanon's government at the end of the civil war was to close the illegal ports that dotted the country's coast and restore Beirut to its central role in the country's international trade. The government is now moving toward defining Beirut's post-war role in the wider Arab region.

In the past three years, the port's revival has been impressive. Traffic has risen from 2,237 vessels and

terminal, all at an estimated cost of \$1 billion.

The physical rebuilding of the port is relatively straightforward; what is more of a challenge is to define its role in a world that has changed radically during the 17 years of the civil war.

In the mid-1970s, Beirut could lay claim to a natural role as the access point between the rest of the world and the Arab hinterland, offering a central geographical position, superior port facilities and the backup of an active financial sector.

Europe may emerge as principal target

Now the world has moved on. While Lebanon was at war, sophisticated Gulf ports, free zones and financial services were developed, and Jordan's port of Aqaba emerged as a major supply point for Iraq. Rapid advances in the peace process mean that Israeli and possibly Palestinian ports could also join the competition.

Some Lebanese observers see a Lebanese, Syrian, Iraqi trade axis developing alongside a possible Israeli, Palestinian, Jordanian link. Others think that Lebanon should accept that its dominance in the Arab world is not likely to be regained and concentrate on Europe, including the emerging Eastern Europe, as a target.

What is most likely to develop is the pattern suggested for the Lebanese economy overall — a mixture of all elements rather than reliance on any one of them.

The long-term question of administration of the port is still to be settled. Lebanese business is strongly pro-market, and the government is keen to encourage private activity, but no private interests are likely to be willing to spend the massive amounts needed to rebuild the port. The government would be reluctant to lose port revenues at a time when it is looking for a budget surplus to fund Lebanon's general reconstruction effort.

Work includes the rehabilitation of the existing port, completion of a breakwater and the fourth basin of the port, replacement of damaged and stolen equipment, and the creation of a new container area.

The ambitious second phase, due to begin in 1996, calls for construction of an industrial free zone, a fifth basin and a major container

3,121 million metric tons of cargo in 1991 to 3,024 vessels and 4,894 million tons in 1992 and 2,461 vessels and 4,365 million tons between January and September 1993.

The port is now administered by a 12-man committee appointed by the cabinet. Shippers say it retains its private-sector spirit and offers a good level of efficiency, despite its poor physical condition.

A pervasive system of bribery among port workers remains a problem; but observers have suggested that this could ultimately be transformed into a system of bonuses for good performance.

Restoration of the port is planned for two stages, the first of them already under way. The European Investment Bank is providing a \$54 million loan for an overall \$126 million, three-year program.

The ambitious second phase, due to begin in 1996, calls for construction of an industrial free zone, a fifth basin and a major container

terminal, all at an estimated cost of \$1 billion. P.D.

We've Invested in the Future Of An Ancient City.

For almost two decades, the once thriving city center of Beirut fell hostage to a war that virtually destroyed it. Today, with the re-establishment of peace and stability in Lebanon, its reconstruction is about to be launched. The company that will undertake the project is SOLIDERE, the Lebanese Company for the Development and Reconstruction of Beirut Central District.

This will be the world's major urban redevelopment project of the 1990's. The area affected by it, located geographically at the heart of the city and once the hub of its commercial, administrative and financial activity, represents 1.6 million square meters of municipal Beirut.

The project involves the construction and restoration of 4.4 million square meters of built-up space, as well as the total rehabilitation and upgrading of the area's infrastructure.

The project includes a financial complex overlooking the

Mediterranean and Lebanon's mountains, hotels, shopping areas, centers for the arts, recreational parks, promenades on the waterfront, marinas, gardens, and a public park built over reclaimed land.

The renovation of government buildings and the restoration and

development of residential areas, improved road networks, parking spaces and public transport are also part of this undertaking aimed at creating a quality urban center in the heart of the Lebanese capital.

Beirut will then be able to assert and strengthen its traditional role as financial, cultural and recreational center for the region.

SOLIDERE is investing in the future of the Central District and is forward looking and also solidly anchored in the city's noble past. From a financial point of view, it will benefit property owners and investors. But from a broader point of view, it will give us all a reason to be proud.



Beirut. The Ancient City Of The Future.

BOARD OF FOUNDERS
SOLIDERE

SOLIDERE shall be a joint-stock company formed between property rights holders in the Central District (proprietors and lease holders) and prospective Lebanese and Arab investors on the basis of a new law facilitating the creation of private companies for the urban development of zones afflicted by the war.

SOLIDERE shall operate within the guidelines of an officially approved Master Plan and enjoy continuous government support.

SOLIDERE is certain to transform much of the hope of the Lebanese into reality, making it possible for Beirut to regain its role as a thriving regional center of commerce, tourism and culture.

Board of Founders of the Lebanese Company for the Development and Reconstruction of Beirut Central District
"Banque de l'Industrie et du Travail" Building 89 Riad El Solh Street PO Box 11 9493, Beirut, Lebanon
Telephone (01) 346882, (01) 646120/1/2/3, Fax (01) 646124, Cellular 1 (212) 478 3916

MONDAY SPORTS

An O'Neal First Powers Magic

The Associated Press Shaquille O'Neal registered his first career triple double...

NBA HIGHLIGHTS

points, scored the last four points of the game as the Magic...

weapon with Ewing on the sidelines, scored 12 points on 4-for-21 shooting...

The Rockets became the 10th team in NBA history to open the season with a 9-0 record...

Spurs 90, Timberwolves 89: In Minneapolis, Mahmoud Abdul-Rauf...

Spurs 91, Bucks 87: In Milwaukee, David Robinson scored 31 points...

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Spurs 91, Bucks 87: In Milwaukee, David Robinson scored 31 points...



Minnesota's Randy Carter (20 points), left, and Georgia's Shandon Anderson (19 points) had their sights on a loose ball in the first half.

Minnesota, UMass Head for NIT Semis

Compiled by Our Staff From Dispatches Minnesota and Massachusetts stormed into the semifinals of the Preseason National Invitation Tournament...

Georgia took a quick 17-5 lead, but made only 15-of-18 shots during the final 10 1/2 minutes of the first half...

The No. 22 Massachusetts Minutemen got a quarterfinal victory with a 82-55 drubbing of Towson State...

John Thomas, making his college debut for Minnesota, sparked runs in both halves of the game to power the Gophers...

Thomas was helped by David Grim, rarely used last season, who racked up 12 points...

Arriel McDonald, who scored 14 points, had seven assists to become Minnesota's career leader with 380...

Camby, held to three points in the 68-60 opening-round victory over Cleveland State...

Roe converted two jumpers during the run to put Massachusetts ahead, 25-15...

Camby opened the second half with two quick jumpers. Then Roe put the Tigers away with a jam...

Massachusetts meets No. 1 North Carolina in the other semifinal Wednesday...

Organizers had no estimate of the number of residents who would be affected by the planned park...

Gerald L. Barriels, president of the Atlanta Chamber of Commerce...

William P. Payne, president of the Atlanta Committee for the Olympic Games...

The plan quickly drew criticism from people in the neighborhood...

Olympic Upgrade Sparks a 72-Acre Revolt in Atlanta

Atlanta — The Atlanta Committee for the Olympic Games has announced plans to demolish the houses and small businesses on 72 acres...

William P. Payne, president of the Atlanta Committee for the Olympic Games...

The plan quickly drew criticism from people in the neighborhood...

Organizers had no estimate of the number of residents who would be affected...

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Els Runs Away From Field to Win Japan Golf

Compiled by Our Staff From Dispatches MIYAZAKI, Japan — Ernie Els claimed his first professional victory...

Els had a final round of 3-under-par 69, for a tournament-record 17-under-par 271...

Fred Couples of the United States, Barry Lane of Britain, Vijay Singh of Fiji...

In Sydney, Ian Baker-Finch birdied the second playoff hole to win the Australian PGA championship...

In Thousand Oaks, California, Raymond Floyd and Steve Elkington combined Saturday to take a two-shot lead...

Organizers had no estimate of the number of residents who would be affected...

Gerald L. Barriels, president of the Atlanta Chamber of Commerce...

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Nov. 19. (Continued)

Table with multiple columns listing various OTC stocks and their trading data for the week ended Friday, Nov. 19.

Main NASDAQ table with columns for Sales, High, Low, Close, and Net Change, listing numerous stocks and their market activity.

Table with columns for Sales, High, Low, Close, and Net Change, listing various stocks and their market activity.

LANGUAGE

Fuzz and Wuzz, and Out of Control

By William Safire

WASHINGTON — Under a cartoon of a man in underpants with a drink in hand racing along a tropical beach, The Economist headlined, "Don't you just love being out of control?"

The London-based magazine represented the recently privatized British utilities, freed from government's heavy hand, but the phrase is the latest extension of the psychological cliché of the year.

To be in control, as in "As of now, I am in control here in the White House," a phrase used in 1981 by Secretary of State Alexander Haig when Ronald Reagan was wounded, is to be boss. To have a blaze under control is what every firefighter hopes to announce. To be beyond control, as in "circumstances beyond my individual control," was a cop-out first used by Micawber in Charles Dickens's novel "David Copperfield."

The familiar phrase lends itself to use as a compound modifier: An editorial in The New York Times in 1990 commented on a bill by the Senate majority leader, George Mitchell, "to put a lid on out-of-control campaign spending."

The phrase was popularized by psychiatry. "The ego is in charge of feelings, actions and perceptions," explains Dr. E. Michael Ehlers of Bethesda, Maryland. "Out of control" refers to any sort of ego failure. The phrase cuts across many types of disorders, from explosive behavior in psychotic disorders to compulsions and hysteria. The term probably predates psychiatry, but the use of ego functioning in relation to control dates from the late 1800s, the beginning of modern psychiatry.

Has the time come for this weary phrase to be consigned to the cemetery of stereotypical Urdu? Ordinarily that order would issue from this department, but I don't want to be accused of being a control freak.

"Miss Bhutto has Punjab in her grasp, but Sind remains a problem." So goes a line farther back in The Economist. Sind is the home province of Benazir Bhutto, who recently regained power in Pakistan. It's good to see Sind back in the news because it recalls the play on words that so delighted diplomats and linguists of a previous century.

Sir Charles James Napier was the British general sent to quell agitation in India in the early 1840s, and in 1843 — some say without imperial orders — moved to take the province of Sind, now part of Pakistan.

Nervous diplomats in Westminster awaited the results of the battle of Hyderabad, key to the province. Then came the telegraphed message from Napier: the

single Latin word peccavi. The Foreign Office broke into cheers because a knowledge of Latin was the mark of a good education in those days, and because Catholic nuns used that word from the penitent seeking absolution from the confessor. Peccavi means "I have sinned."

Napier's message meant, of course, that he had taken the province of Sind. The historical scholar Mark Burrows of New York suggested that the general was sending yet another message: Because he proceeded on his own initiative, making overextension of his logistical nose, Napier was both boasting of his victory and modestly apologizing for going beyond his orders with "I have sinned."

You don't get generals using multilingual puns in their messages like that these days.

Waking up the sleepy audience at the Radio-Television News Directors Association, Dan Rather of CBS lit into the "Hollywoodization" of news. "Thoughtfully written analysis is out, five pips are in," he said. (A live pip, also known as a live stand-up, refers to the ad-libbing that a broadcast correspondent in the field does on camera after a news anchor introduces the story. When the anchor says, "Now we're going to Charles, who's standing live in the dark where something happened three hours ago, but you can't see it now," the live pip is what Charles has to ad-lib because he hasn't come back to the studio to write his stand-up.)

Rather continued: "Hire lookers, not writers. Do powder puffs, not probes, interviews. Stay away from controversial subjects. Kiss (political) power with the mass [rhymes with vulgarism], and for heaven and the ratings' sake don't make anybody mad." Make nice, not news.

The pop that colonized his speech to linguists was Rather's complaint that "They've got us putting more fuzz and wuzz on the air." I was familiar with fuzz, defined in Godfrey Irwin's 1931 "American Tramp and Underworld Slang" as "a detective, a prison guard or turnkey. Here it is likely that 'fuzz' was originally 'tuss,' one hard to please or over-particular. But what about wuzz? Was this similarly derived from wuzz? Patricia Island, president of the National Organization for Women, in commenting a few months ago about Hillary Clinton jokes, told The Boston Globe, "The overall theme is one of Bill Clinton being a wuzz." She probably used this term as if were synonymous with wimp, a measure of the etymology of wuzz as meaning "like a woman" in a derogatory sense.

The CBS co-anchor, obviously drawn to rhyme in oratory, clarified his catchy phrase in a reply to a query from this department. "Fuzz and wuzz" refers to police (fuzz) and dead bodies (wuzz)." In slang, the past tense lives.

New York Times Service

INTERNATIONAL CLASSIFIED Appears on Page 4

Asian Vernacular: Vignettes of Women

By Andrew Ranard

SINGAPORE — You might think, after seeing her play, that grappling with Jude Narita would be an encounter with the unvindicated furies of minority and feminist history in America. Or at least that she would be acerbic and flamboyant.

But Narita, in a dark print dress, a dark vest and a touch of indiscretion in the black lace that shows beneath the vest, seems to have dressed down for this interview. Does she wish to be invisible? She is Japanese-American, and one thinks of Kabuki actors, dressed in black, who arrange stage sets as dramas unfold and who melt into the background. Narita has lived all her life in California and never visited Japan, so that illusion is facetious.

Not that Narita is a wallflower. She's garrulous. But it is difficult to connect her with the desperation of the characters in "Coming Into Passion, Song for a Samsai," a solo performance of seven vignettes of Asian women that she wrote. Her characters are by turn raunchy, retiring, outspoken — but all filled with pathos.

"Passion," which has played in Los Angeles for two years, toured the United States as well as Poland under U. S. Information Agency auspices and recently kicked off Singapore Repertory Theatre's 1993-94 season. It is a dramatic coup. Some of its vignettes are unforgettable. They appear as six ghostly dreams of a seventh character, a successful, self-mocking Japanese-American newsreader, a tight package of hip, media clichés. The woman is a go-getter who "power dresses," "does lunch," "touches bases," "a team player" who has "worked twice as hard as any man" to get to where she is. The top. She knows the ropes and the compromises necessary for success — "damned good at what I do."

But the newsreader is having a crisis — nightmares and moments of block-out on the air. But no sweat, this "can-do" American woman can handle it, even when she has to confront news atrocities against Asian women in this case Vietnamese. "I'm not Vietnamese. I'm not really Japanese. I'm American," she says. "I'm part of the American Dream." She has nothing in common with those "weird-talking, weird-sounding people" halfway around the world.

She sleeps — puffs of smoke, and a Saigon bar girl of the Vietnam War era appears on a minimalist stage: bed with purple satin sheets, stool, bottle of beer, metal desk and chair, a small brown cardboard box with Japanese writing on it, and a giant blue fan in the background that looks like the billowing sail of a Chinese junk. The bar girl is raw and vulgar, a comic (You want love? O.K., three dollars!), knows the trade secrets to land a customer



Jude Narita's characters are raunchy, retiring, outspoken — filled with pathos.

Smoke again. Narita is a young Japanese girl, Kimiko, recalling the dropping of the atomic bomb on Hiroshima. The vignette is made ghastly through the ballet-like gestures of Narita's arms and a benign smile, as she narrates. Narita then metamorphoses into a Japanese-American woman, dealing with "the sticks and stones from the atomic past," braving herself to confront a bully who has called her a "yellow Jap." Now she's a Cambodian refugee in the United States, ruminating on her wall-to-wall-career life. The woman sleeps with the light on. Her daughter died in her sleep and her family were victims of genocide. The play becomes a dream within a dream as the woman recounts nightmares of her life in Cambodia. "Many trees hit my family, hit more, hit more, hit more!" In the night, she tries to fill holes in the ground. "If no hole, family no die."

The vignettes are emotionally exhausting, and it's a relief that the last one is comical. A Japanese-American teenager from California, a troublemaker in a leather jacket and shades, begins her soliloquy. She's the black sheep in a family of over-achievers; the parents are "always ragging (Whatta' matta? You wanna a boy?), has

enough vulnerability to fall in love, is proud that she supports her family and that she works in a bar, not as some women "in a cage like an animal." The portrait is gripping.

Narita says it was a "breakthrough" for her, "in finding the dignity and humanity of that character, and not distorting it, not making her a martyr." "A Joan of Arc" or "precious." The woman is "just down and dirty, just tough, just sassy, just, you know, materialistic, but giving sincere reasons for it, not convenient reasons so that she can be dismissed."

On stage, the dreams continue. This time she's a Filipina being interviewed on TV as a video-order bride. Again she has the English diction down pat, and the sixth sense that portrays the vulnerability and witness of the potential bride, a victim. "I love to clean house, gardening, also like to watch TV," the woman says. And who should be the boss in the family? The interviewer, off-stage, asks, "I'm thinking the man should be the boss. He working the hardest, he should be the boss." And if he gets mad every once in a while? "Why would he get mad?" she asks. And if he hits you? "I'm not understanding the last question."

me," she complains in teen-speak, "always on my case," but grandfather, one generation removed, is "so cool." Hey, you know what they did in the desert in California? — crop rotation, irrigation — "intensive farming." Intense, man, so cool. This kid stands up for her rights, and asks her parents, who went to the relocation camps. "Why'd you go, man? I wouldn't go." She rumbles it out with her friends if anyone knocks her nose, but she's a bad fighter so she attends karate school where she meets her Japanese sensei, instructor. The girl is sensei — third-generation Japanese. Sensei and sensei, the girl says, so close, so cool. She has a "zoo-out" with sensei who tells her to endure, like bamboo.

In the lobby of the Westin Stamford Hotel in Singapore, I am wondering how Narita, who has at least four decades on her, manages to play a teenager so convincingly.

The play "was written to combat specific images," she says. The teenage troublemaker was meant to challenge the "model minority myth" about Asian-Americans, and the prostitute and the mail-order bride explore certain economic realities. "Once you understand the economic history and where the country fits in the global structure, then you understand a lot about the living conditions and the actual life choices that are available," she says about these women.

Narita admits that she has been attacked for creating stereotypes. A Vietnamese student once asked her why she chose to portray a Vietnamese prostitute rather than, say, a Vietnamese businesswoman, and just after the show in Singapore she encountered a Filipina woman who was offended by the portrayal of the mail-order bride.

Narita wrote the play because, as an Asian-American actress, she was not getting the parts she wanted and because she wanted to "de-mystify and de-exoticize" fantasies about Asians, which even shows like "Miss Saigon" perpetuate. "Audiences of color have been betrayed a lot by the arts," she says. "They have come to the theater dressed up, expecting a good evening, or gone to the movies on a date, or turned on the television, and an image and a concept have come up that have been so offensive, out of the blue... like a slap across the face."

Audiences of color? It's an expression the pugilistic, ultra-hip, lingo-correct newsreader in "Passion" might have made. Perhaps Narita is not so nonconformist. Perhaps she's aware of the loaded impact of vernacular and thus states her case tentatively. In the epilogue to "Passion," her plea is eloquent: for "the language of the heart."

Andrew Ranard writes from Southeast Asia.

WEATHER

Table with weather forecasts for Europe, including locations like Algiers, Amsterdam, Athens, Barcelona, Berlin, Bratislava, Budapest, Coimbra, Costa del Sol, Dublin, Edinburgh, Florence, Frankfurt, Geneva, Helsinki, Istanbul, Las Palmas, Lisbon, London, Madrid, Milan, Monaco, Munich, Nice, Oslo, Paris, Rome, Stockholm, Strasbourg, Tallinn, Venice, Warsaw, Zurich.

Forecast for Tuesday through Thursday, as provided by Accu-Weather.



Table with weather forecasts for North America, including locations like Boston, Washington, U.C., Denver, Houston, and Los Angeles.

Table with weather forecasts for Middle East, including locations like Beirut, Damascus, Jerusalem, and Riyadh.

Table with weather forecasts for Asia, including locations like Bangkok, Hong Kong, Manila, New Delhi, Singapore, and Tokyo.

Table with weather forecasts for Africa, including locations like Algiers, Cape Town, Casablanca, Lagos, Nairobi, and Tunis.

Table with weather forecasts for Latin America, including locations like Buenos Aires, Caracas, Lima, Mexico City, Sao Paulo, Santiago, and Toronto.

CROSSWORD

- ACROSS: 1 Understood, 4 Some tracks, 9 Rizzo (89), 14 Santa, 15 Actress Anouk, 16 Significant person?, 17 Kauli keppaska, 18 Small person, 20 Logit, 22 Caroline, 23 Schlossberg, to Ted Kennedy, 24 Type style: Abbr., 24 Big Mama, 25 Church part, 28 Rummy variety, 32 The mark on the G in Copeck, 33 Calendar period, to Kirk, 37 Caustic substance, 38 Traditional tune, 40 Pub quiz, 42 Logical newsmag?

- DOWN: 2 Big rigs, 3 Campus mill, grp., 10 Daughter of Zeus, 11 Calendar abbr., 12 Theology sch., 13 Eye, 18 - man (Hurley), 21 Hoop container, 24 Magna, 25 Rights grp., 27 Oy — P, 35 - out (supplement), 36 Hoosegows, 37 Footrace terminus, 38 Stage actress Hayes, 39 MS follower?, 40 Love, Italian style, 43 Newcastle-upon-England, 48 Esne, 49 Judge's exhortation, 49 Prono, 41 Name of 13 popes, 44 Oscar the Grouch, for one, 45 Julia, 46 Honolulu locale, 47 Fat fiddle, 48 First word, 49 First name in hotels, 43 Long-lasting curls, 45 Depicts, 46 Health-food store staple, 50 Jerry Herman composition, 51 Dash, 54 Michelangelo masterpiece, 56 Journalist Greeley, 58 Used booster cables, 59 Pub quiz, 62 Tina's ex, 63 Correspond, grammatically, 64 Regarded severely, 65 Pince, 66 Former Justice Byron, 67 Air-show maneuvers, 68 Palindrome center, 48 Common cause for bleeding, 49 Strawberry, once, 50 "Any Time" (Beastie Boys), 52 Auto-tracer, 53 Ten to one, e.g., 56 Words of comprehension, 57 "That's disgusting", 58 High-tech medical diagnosis, 59 Forensic test.

Solution to Puzzle of Nov. 19. A crossword puzzle grid with the words RESEATS, MEDIATE, ENLIVEN, DELIVES, ATILIT, BIAI, BLED, RANER, BORAS, SEE, EGGER, AMINO, TUN, DESK, RITPEN, AME.

"I wonder if the little guy had fun today?"

Sharing the day's events with loved ones back in the States has never been easier. Whenever you're away, simply dial the AT&T access number of the country you're calling from and an English-speaking AT&T Operator or voice prompt will put you through in seconds. You can bill the call to your AT&T Card, U.S. local calling card, or call collect. You'll get economical AT&T rates and keep hotel surcharges to a minimum. It's all part of our continuing commitment to be there for you. Even when you're on the other side of the planet. So surprise someone back home with a call. Who knows? Perhaps they'll have a little surprise for you.



سكدا من الاصل